

0025775C
MS JEANNE LONG
CONGRESSIONAL
4520 EAST-WEST
BETHESDA
MD 20814

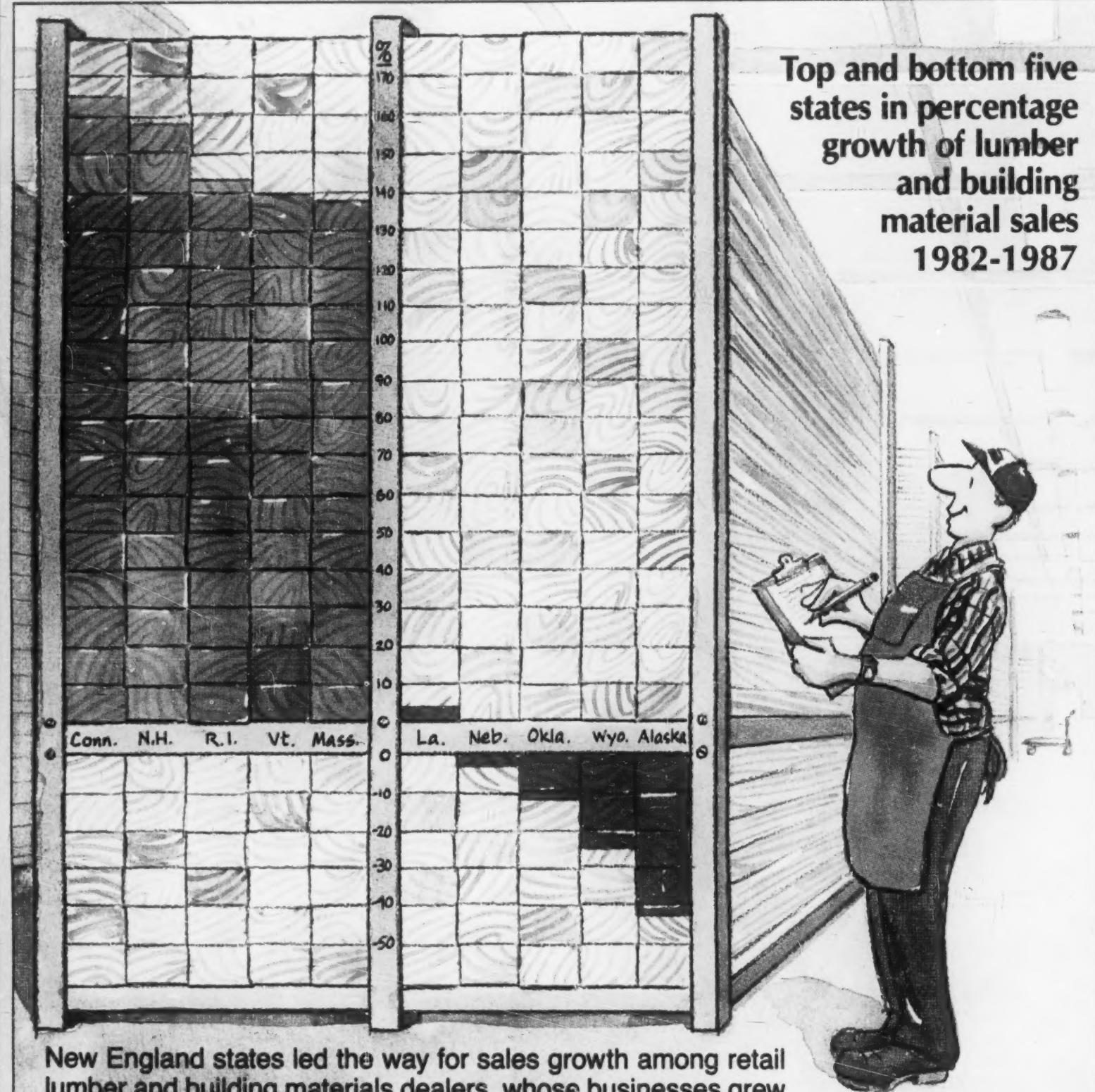
JUN 8 4HC

National Home Center News

SW

Vol. 15, No. 23 \$3 a copy The newspaper for retailers serving homeowners and contractors. Published by Lebhar-Friedman Inc. November 6, 1989

Top and bottom five states in percentage growth of lumber and building material sales 1982-1987



New England states led the way for sales growth among retail lumber and building materials dealers, whose businesses grew at a much faster pace than the retail average over this period.

Source: U.S. Department of Commerce

Building materials dealers among growth leaders in 5-year retail sales census

Building supply retail segment gains 1,300 units but 900 hardware stores disappear

By an NHCN staff editor

WASHINGTON — Retail sales generated by lumber and building materials stores, as defined by the Census Bureau, grew by more than 75 percent between 1982 and 1987 to \$55.3 billion, according to the *Census of Retail Trade*, issued every five years by the Department of Commerce and released last month.

Revenues from some 27,500 lumber and building materials outlets—an increase of around 1,300 since 1982—expanded at a more rapid pace than the 50 percent growth, to \$1.5 trillion, realized in this time frame by the 1.5 million stores in all retail sectors.

In contrast, over that same five years, the retail hardware industry lost 863 stores, and its remaining 20,059 units in 1987 generated \$10.5 billion in sales, a 26.4 percent increase in

the half-decade.

The Census Bureau began in 1967 to distribute its data on the state of retailing in five-year intervals. Since its last report, issued for the period 1977-1982, the number of full- and part-time employees working in all retailing groups expanded by 23 percent to nearly 17.8 million in 1987.

Based on these figures, it would appear that dealers are manning their stores more aggressively, perhaps to improve customer service, because the actual number of outlets over the latest five-year reporting term increased by only 5.7 percent.

California by far and away generated the greatest amount of retail business: in 1987, it accounted for 12 percent of the U.S. total, almost double New York's 6.9 percent.

(Continued on page 58)

Most home centers lack preparedness when disasters hit

By Tom Neven

NATIONAL REPORT — With D-Day-like planning, Pelican Building Centers was able to keep open all 11 of its stores in the Carolinas right up to the minute Hurricane Hugo hit in September, and reopened for business the very next morning despite damage to some of its units.

But the suddenness of the earthquake that rocked northern California foiled most dealers' contingency plans, if they had any at all. "You just run," said Jerry Burke, manager at Pleasure Point Lumber in Santa Cruz, Calif., about his company's response to last month's tremor.

Independents and chains recover from Hurricane Jerry and San Francisco earthquake—see page 73

The recent rash of disasters to hit the U.S. has dealers nationwide thinking twice about their capability to react quickly when their businesses and markets are in distress.

Some, like Pelican, exercise military precision in protecting their stores, property and sales. More typically, though, dealers are like Carolina Building Materials in Charlestown Heights, S.C., which "just bring inside everything that might blow away," according to general manager Mike Vaughn.

How much warning?

A dealer's preparedness often depends on the likelihood of a disaster striking. "We've been so fortunate for so many years, we've been kind of lax [on planning]," explained Hal Davis, (Continued on page 73)

Robertson's prefers the unusual for its ads and promotions

By Tim O'Malley

ROSEAU, Minn. — You might say the success of Robertson Lumber's new building supply outlet here is in the bag. The nail bag, that is.

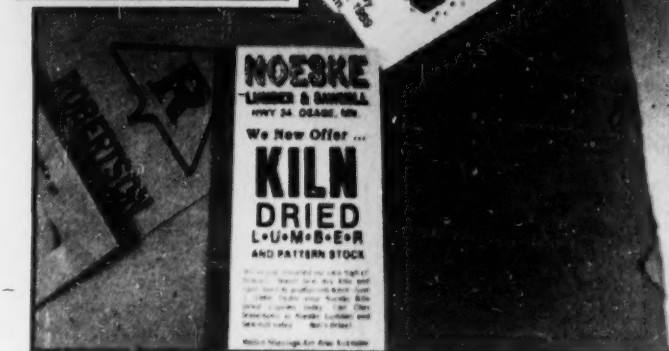
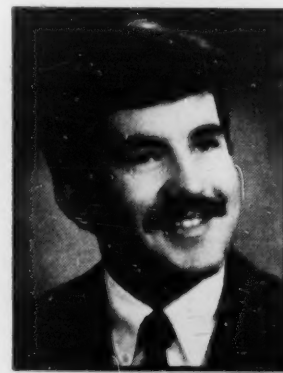
To announce its store's grand opening on Oct. 11, the company mailed 450, 11x5-inch brown paper bags, complete with Robertson's green and red trademark. Each bag was labeled, postmarked and sent first class; a card inside gave pertinent details to party goers.

Not surprisingly, the offbeat notices went over big with the Postal Service, the Roseau Chamber of Commerce and, naturally, invitees themselves. Everyone got a chuckle, not a single person over-

looked it as junk mail and the turnout at the party was exceptionally good—about 300 people.

"This is a riot," one party goer is quoted as saying about the paper bag. "But it's actually quite clever."

The bag is the brainchild of Robertson's (Continued on page 76)



These two offbeat pieces are examples of Robertson's ad director Daniel Messmer's (inset) dislike for humdrum promotions. Inset photo courtesy Robertson's

EDITORIAL

Show offers glimpses of partnership

Maybe there's hope. Just when industry partnership seems harder to achieve than *glasnost*, along comes another event that reaffirms the cause.

This time it was the North American Hardware Convention, which took place last month in Boston.

Its success is full of irony and indicates how unexpected are some of the bends in the road.

SCENE ONE: It's the first afternoon of the convention and a hotel meeting room is transformed, with curtains and draped tables, into a series of aisles and booths. The place is packed.

Stationed in the booths are representatives from more than 60 different hardware wholesalers. The aisles are clogged with manufacturers making the rounds.

Every 10 minutes a bell signals the end of a meeting

period and manufacturers move to their next appointments.

That's right, the manufacturers are doing the walking.

SCENE TWO: It's the second day of the convention. The set is the same but the characters have switched sides. The arrangement is more traditional as manufacturers now occupy the booths.

The symmetry of scenes one and two is probably more than incidental. It symbolizes equality between wholesaler and manufacturer. And equality is a prerequisite to any healthy partnership.

Ironically, this condition was achieved at an event that developed from the dissolution of a partnership between a trade association representing wholesalers and another made up of manufacturers.

While cooperation continues between the two associations, the change in show sponsorship may have freed wholesalers to be stronger, and therefore more willing, partners.

Actually, both wholesalers and manufacturers are addressing many of the same issues.

The National Wholesale Hardware Association, which sponsored the convention, is developing programs in which members work together to address needs such as technology and employee education.

Manufacturers were exhorted to address the same concerns by Dave Marth, chairman of the American Hardware Manufacturers Association, the group that until last year co-sponsored the convention.

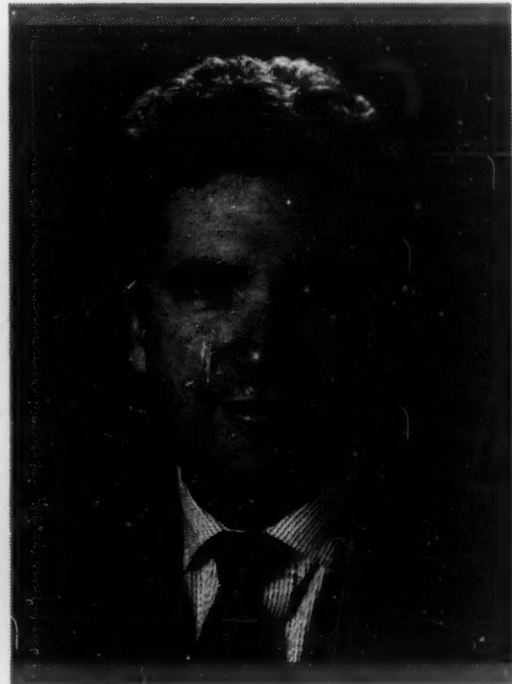
Marth spoke during a breakfast meeting on the convention's second day. He argued that America's mass market is changing dramatically, and that members of our pluralistic society are looking for innovative and specialized products. However, U.S. manufacturers are, generally, not yet prepared to provide the required product diversity and quick response.

Advanced technology and an educated workforce are needed to meet the challenge, said Marth. While some progress is being made, he argues that it's not rapid enough to keep America competitive in a worldwide market.

Marth predicts that America's window of opportunity will shut in 10 years.

The message is sobering. Rationally improving our technology and educating our people are critical goals. The need to accomplish them in only a single decade may be the strongest argument yet for industry partnership.

—Ken Schept



Ken Schept
NHCN Editor

COMMENTARY

Be prepared before the ground shakes

What a month! Hurricane Hugo virtually levels areas of North and South Carolina, leaving more than half a million people homeless and more than \$2 billion in damages in its wake.

An earthquake on Oct. 17 rocks the San Francisco-San Jose area, kills at least 60 people, injures another 1,500, leaves thousands more either homeless or without vital services like electricity and water, and causes more than \$7 billion in damages to homes, bridges, shopping malls and streets.

Tremors of a different register shook Wall Street four days earlier when, two years after a 509-point plummet, the Dow Jones Industrial Average collapsed by 190 points on a Friday, giving millions of investors a bad case of the weekend shakes.

You don't have to be a Calvinist to see these acts of God and speculators as

warnings: Be prepared.

This motto, though, is usually easier for Boy Scouts to follow than people faced with the increasingly common occurrence of the unexpected. So the best most of us can hope for is to manage those things within our control to minimize potential risk.

But like some of the 80 percent of San Franciscan homeowners who now wish they had shelled out the \$6,000 in yearly premiums for earthquake insurance, many home improvement dealers take a fatalistic ap-

proach toward their businesses: I'll deal with a crisis when it falls on top of me. Until then, hey, I'm busy!

That attitude is fine in peacetime. But there are a lot of minefields in the home improvement war zone just waiting to be stepped on by the dealer blind enough to believe his stores are shockproof.

Belligerent competition, product liability, mounting debt, larcenous employees and customers, escalating overhead, even temporary loss of business due to catastrophes such as fire, flood or earthquake—these are the potential "disasters" that can debilitate a dealer naked of safeguards or contingency plans. That so few heed the call for action, though, is proven by the alarming number of home improvement retailers and wholesalers whose companies seem to be hanging precipitously by their fingernails.

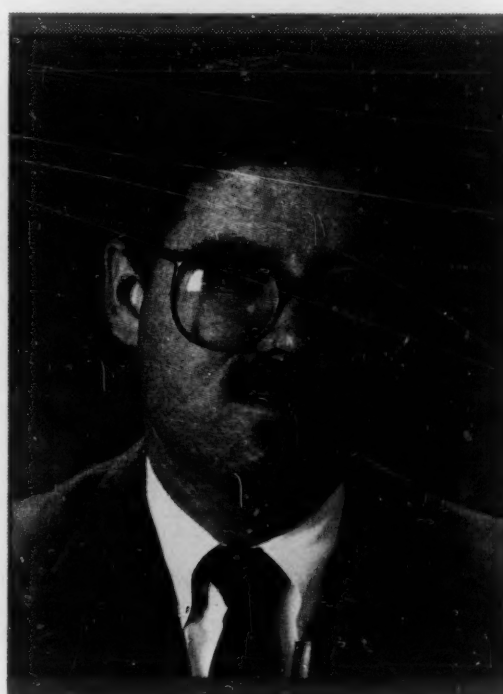
The events of the past month force all of us to take stock and realize just how dangerous and unpredictable the cold, hard world can be. They also demonstrate how fruitless man's best-laid plans can be in the face of natural, uncontrollable forces.

But the fact is that preparedness, in the form of tough building codes, saved most of the structures in San Francisco and surrounding towns. A cautious post-Crash mentality and a proactive Federal Reserve Board kept Wall Street from falling farther into the abyss this time around.

Dealers need to disabuse themselves of the notion that threats to their businesses are unlikely or remote. Long-range planning that addresses competition before it arrives, overhead before it spirals upward, manpower before shortages arise, has to be built into any dealer's business strategy.

There's not much one can do once the ground underneath starts shakin'. But the sturdiness of what you're standing on when that happens is up to you.

—John Caulfield



John Caulfield
NHCN Executive Editor

National Home Center News

is published by
LEBHAR-FRIEDMAN INC.
425 Park Ave., New York, NY 10022
212 371-9400
Subscription Services:
(212) 697-2165 or (212) 697-2166
Cable Address: LEBHAFRIED
Fax: 212 838-9487

Publisher **WYATT KASH**
Editor **KENNETH SCHEPT**
Executive Editor **John Caulfield**
Senior Editor **Gary S. Ruderman** (Chicago)
Associate Editors **Elizabeth Brent**, **Tim O'Malley**
Field Editor **Tom Baggarian** (Chicago)
Correspondents **Kenneth Rankin** (Washington) with
Deane Evans
Senior Desk Editor **Thomas Neven**
Desk Editors **John Paul Uva**, **Laura Realmuto**
Assistant Editor **Micki Nuding**
Art Director **Bob Brokman**
Group Circulation Manager **Ken Turtoro**
Circulation Director **Tara McGowan**
Director of Manufacturing **Stan Kaufman**
Production Manager **Gwendolyn Terrell**
Business Manager **Sandy Tambone**
Director Classified **Andrew De Sarle**
Ad Manager Classified **Carole Harnoff**
NHCN National Sales Manager **BETSY VENTURA**
NHCN Eastern Area Manager **Tuck Silfers**
List Manager **Vicki White**

Group Publisher **James T. deGraffenreid**

Founder (1900-1981) **Arnold D. Friedman**

President **J. Roger Friedman**
Sr. VP/Group Publisher **James T. deGraffenreid**
VP/Administration **Harry A. Estes**
VP/Publisher **Jay Forbes**
VP/Finance **James Granato**
VP/Human Resources **Richard D. Groberg**
VP/Editorial Director **David Q. Mahler**
Treasurer **Barry Okun**

REGIONAL OFFICES

Boston 1 Gateway Center, Newton, MA 02158,
617-527-6394 Fax: 617-969-3125
Regional Manager James H. Malver
Cleveland Summit One Building, 4700 Rockside Road,
Independence, OH 44131, 216-642-3420
Fax: 216-642-1457
Area Manager Robert Bednar
Office Manager Martha MacVean
Chicago 444 N. Michigan Ave., Chicago, IL 60611,
312-644-8688 Fax: 312-644-3256
Senior Midwest Area Manager Sid Hybert
Area Manager Mark Solak
Senior Editor Gary S. Ruderman
Los Angeles 606 N. Larchmont Blvd., Los Angeles, CA
90004, 213-464-8321 Fax: 213-465-4287
San Francisco 400 Montgomery St., San Francisco, CA
94104, 415-362-2575 Fax: 415-362-0319
Regional Manager Richard J. Harrigan Jr.
Washington 17735 Striley Drive, Ashton, MD 20861,
301-774-3895 Fax: 301-570-9090
Manager, Correspondent Kenneth Rankin
Japan Diamond-Friedman Ltd., Chain Store Age News, Ja-
pan, 1-4-2 Kasumigaseki, Chiyoda-ku, Tokyo, Japan,
504-6750

ABP VBPB BPA MPA

Publisher of National Home Center News, Discount Store News, Nation's Restaurant News, Drug Store News, Accounting Today, Chain Store Age Executive (with Shopping Center Age), APPAREL merchandising. Affiliates: Business Guides Inc. (Directories); Lebhaf-Friedman Books; Inside Retailing (Newsletter); Chain Store Age News, Japan; Largo Music Inc.

Editorial Inquiries
Questions and comments regarding editorial material published in National Home Center News should be directed to the Editor, National Home Center News, 425 Park Ave., New York, NY 10022.

Subscriptions
Call (212) 697-2165 or (212) 697-2166
Having a problem with your subscription? Send us full details, including the mailing label from the last copy you received, along with your telephone number. We'll do everything possible to solve the problem at once. Write to Circulation Fulfillment Director, National Home Center News, 305 Madison Ave., Suite 535, New York, NY 10165-0079.

Permissions
Materials in this publication may not be reproduced in any form without written permission. Requests for permission should be directed to Wyatt Kash, publisher, Lebhaf-Friedman Inc., 425 Park Ave., New York, NY 10022.



"The stockholders have ordered that we cut our board membership in half. You will now choose up sides for a tug-of-war."

Retail lumber, building material sales post large 5-year gains

(Continued from page 1)

But the New York metropolitan area—which, for the Census Bureau's purpose, includes New Jersey and Connecticut—ranked first as the area with the highest retail sales: \$113.5 billion, or 7.6 percent of the U.S. total. This metro region surpassed the Los Angeles-Anaheim-Riverside, Calif., metro market that was the largest in retail sales in 1982.

Market share growth

The growth in retail volume these and other areas realized was attributable partially to the solid performance of the home improvement sector. In fact, building material and garden supplies stores, which are grouped together under SIC Code 52, produced 5.5 percent of all retail sales in this country in 1987, compared to 4.8 percent five years earlier.

This 14.5 percent gain in market share was greater than in any other retailing segment except auto dealers, whose retail sales rose 21.9 percent and now account for more than 23 percent of all U.S. retail volume.

Comparing the 1987 Census Bureau report with its 1982 counterpart gives the reader some insight into the components of retail home improvement expansion. For example, sales per store for lumber and

building materials stores grew to \$2.01 million in 1987 from \$1.2 million in 1982. For hardware stores, sales per unit increased to \$525,197 from \$398,398.

Productivity up

Employee productivity also improved for both segments over this period. A typical lumber and building materials dealer increased his work force to nearly 14 employees (from 10 in 1982) and got \$145,490 per employee in 1987. A hardware dealer typically employed around seven workers in 1987 (compared to six five years earlier) and got \$76,417 per employee.

In 1982, those sales-per-employee figures, respectively, were \$118,751 and \$65,651.

In 1987, there were 20 states whose retail lumber and building materials stores generated more than \$1 billion in sales, compared to seven states five years earlier. And hardware stores in two states—California and New York—did an aggregate of more than \$1 billion annually in 1987. In 1982, no state got \$1 billion from its hardware stores.

The New York metropolitan area led the country in both retail hardware and building materials volume. Its 2,112 lumber and building product stores did an estimated \$4.2 billion and the area's 1,352 hardware units produced \$704 million.

State 1982		LBM Sales 000	State 1987		LBM Sales 000
1.	California	\$3,062,047	1.	California	\$6,033,734
2.	Texas	2,675,960	2.	New York	3,490,817
3.	New York	1,627,329	3.	Florida	3,277,563
4.	Florida	1,609,473	4.	Texas	2,762,556
5.	Pennsylvania	1,419,406	5.	Pennsylvania	2,678,946
6.	Illinois	1,156,744	6.	Ohio	2,128,800
7.	Ohio	1,094,001	7.	Illinois	2,098,415
8.	Michigan	995,323	8.	North Carolina	2,055,392
9.	North Carolina	967,069	9.	Michigan	1,979,806
10.	New Jersey	951,496	10.	New Jersey	1,962,352
11.	Georgia	853,132	11.	Massachusetts	1,888,237
12.	Massachusetts	799,177	12.	Georgia	1,716,498
13.	Minnesota	768,952	13.	Virginia	1,652,363
14.	Virginia	743,304	14.	Minnesota	1,296,554
15.	Louisiana	667,183	15.	Indiana	1,250,464
16.	Indiana	662,538	16.	Maryland	1,221,608
17.	Colorado	662,405	17.	Connecticut	1,206,990
18.	Missouri	658,549	18.	Missouri	1,133,303
19.	Oklahoma	601,959	19.	Tennessee	1,115,388
20.	Wisconsin	589,217	20.	Wisconsin	1,108,267
21.	Maryland	577,284	21.	South Carolina	899,185
22.	Tennessee	556,854	22.	Alabama	866,411
23.	Washington	553,247	23.	Washington	857,353
24.	Iowa	504,199	24.	Kentucky	775,941
25.	Alabama	475,409	25.	Colorado	738,488
26.	South Carolina	462,670	26.	Louisiana	688,147
27.	Connecticut	450,772	27.	Arizona	648,848
28.	Kentucky	450,511	28.	New Hampshire	582,754
29.	Kansas	423,597	29.	Arkansas	573,675
30.	Arizona	399,194	30.	Iowa	568,293
31.	Oregon	343,587	31.	Oregon	537,616
32.	Arkansas	322,972	32.	Kansas	537,521
33.	West Virginia	319,078	33.	Oklahoma	529,734
34.	Nebraska	296,408	34.	West Virginia	453,872
35.	Mississippi	294,510	35.	Maine	438,993
36.	Alaska	280,033	36.	Mississippi	427,206
37.	New Mexico	257,418	37.	New Mexico	319,941
38.	New Hampshire	225,346	38.	Utah	301,695
39.	Utah	216,036	39.	Rhode Island	298,124
40.	Maine	204,122	40.	Nebraska	290,999
41.	North Dakota	154,105	41.	Nevada	290,148
42.	Idaho	150,872	42.	Vermont	273,145
43.	Montana	150,270	43.	Delaware	219,365
44.	South Dakota	127,716	44.	Idaho	171,563
45.	Nevada	123,468	45.	North Dakota	168,872
46.	Rhode Island	122,474	46.	Alaska	164,345
47.	Wyoming	117,513	47.	Hawaii	158,328
48.	Vermont	113,556	48.	Montana	158,148
49.	Hawaii	103,042	49.	South Dakota	145,794
50.	Delaware	NA	50.	Wyoming	89,066
Total		31,451,185	Total		55,231,623

Source: U.S. Dept. of Commerce NHCN chart

Retail lumber and building material sales leapt by over 75 percent from 1982-1987

WE'D LIKE TO THR

Introducing the Around-The-Corner™ bit from Vermont American.

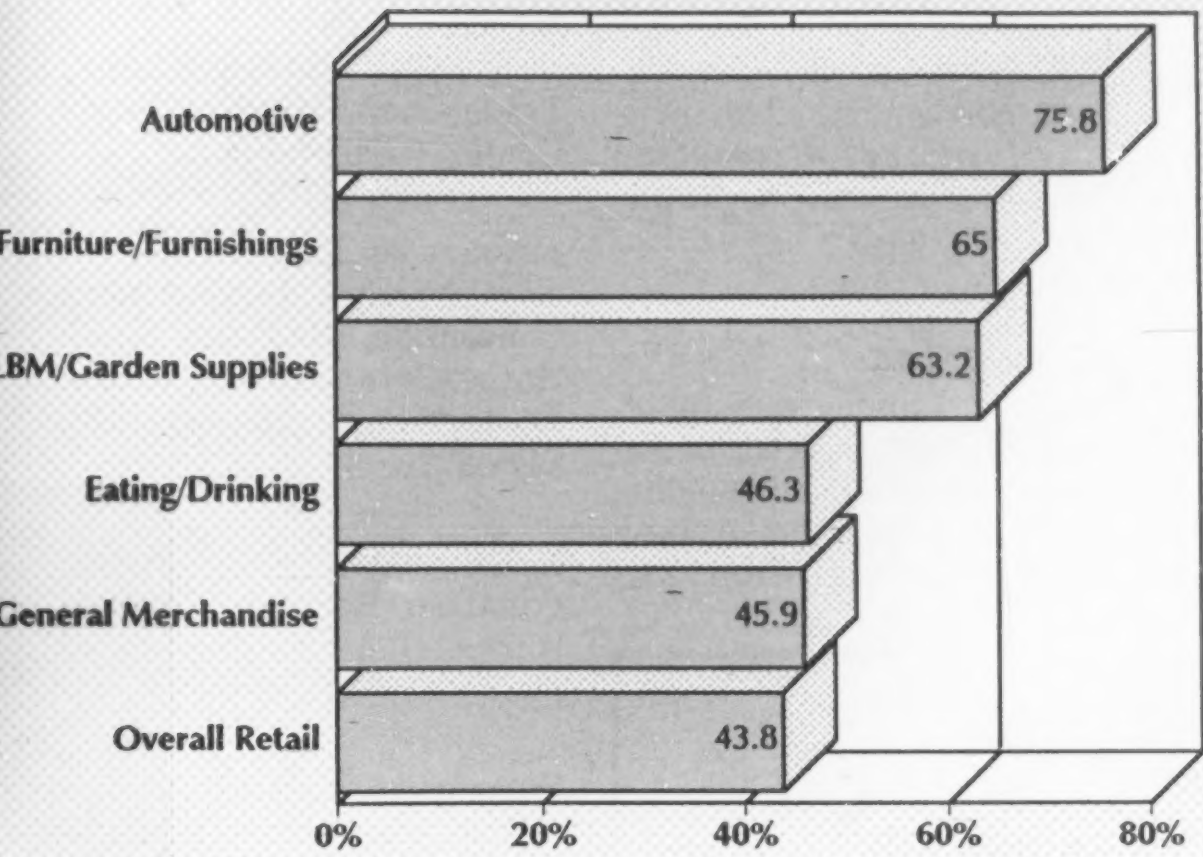
The bit so revolutionary, it actually lets you turn a 45° angle in the hole, out of sight. So now it's as easy to go around a corner as it is to go straight.

The secret: a breakthrough design that allows a cutting edge on each blade surface. Ideal in tight places, the Around-The-Corner bit has scores of applications for carpenters and electricians.

Call your Vermont American distributor today. For the bit that could give you a corner on the market.

Circle 50 on Reader Service Card

**Top 5 Retail Categories
Percent Change in Sales**
1982 to 1987

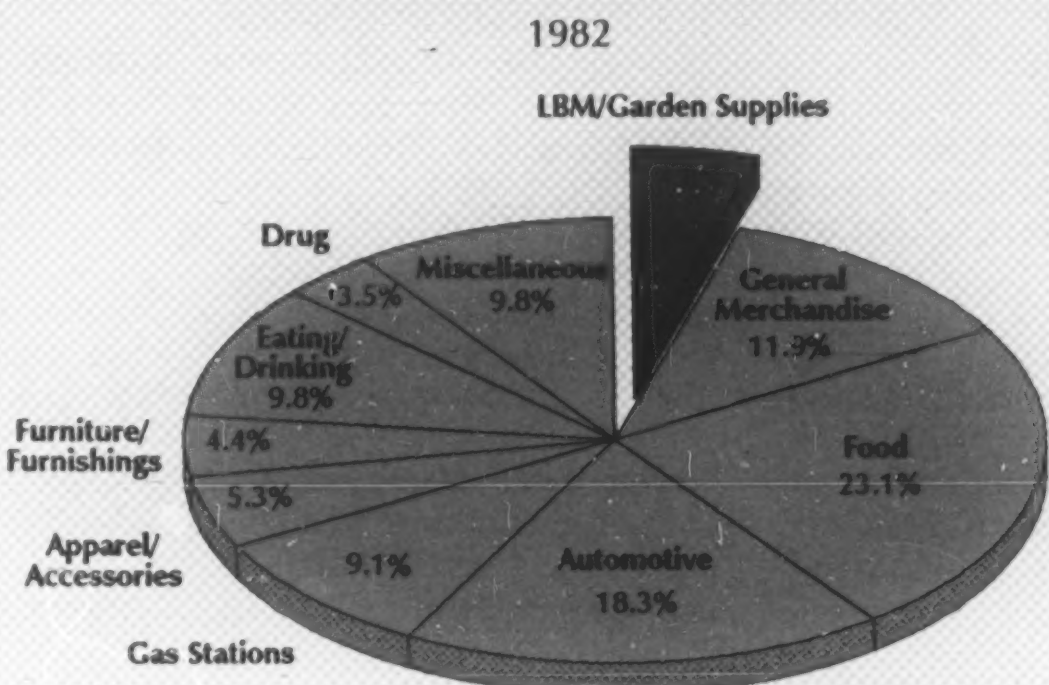


Source: U.S. Dept. of Commerce NHCN chart

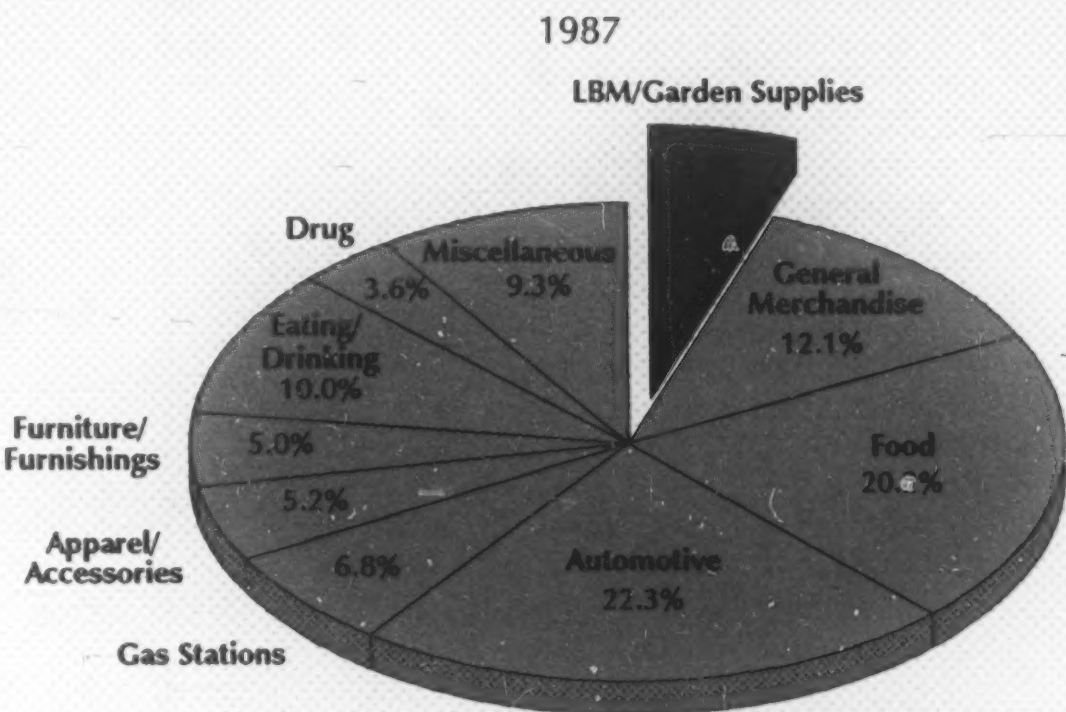
Retail lumber and building material sales have posted the third largest percentage gain in sales from 1982 to 1987 at 63.2 percent (chart above), well ahead of the overall average retail gain of 43.8 percent. The Commerce Department study contained other good news: the second largest gainer was furniture and furnishings—up 65 percent over the five years—two cate-

gories easily taken advantage of by home center dealers. As a percent of total retail sales, lumber and building materials showed an impressive 14.5 percent gain, surpassed only by automotive sales. Furniture and furnishings retail sales grabbed a 13.6 percent increase in the overall pie over the five years (charts right).

**Percent of Total Retail Sales
by Selected Kinds of Businesses**



Source: U.S. Dept. of Commerce NHCN chart



Source: U.S. Dept. of Commerce NHCN chart

OW YOU A CURVE.

Vermont
American

THE POWER IN POWER TOOL ACCESSORIES

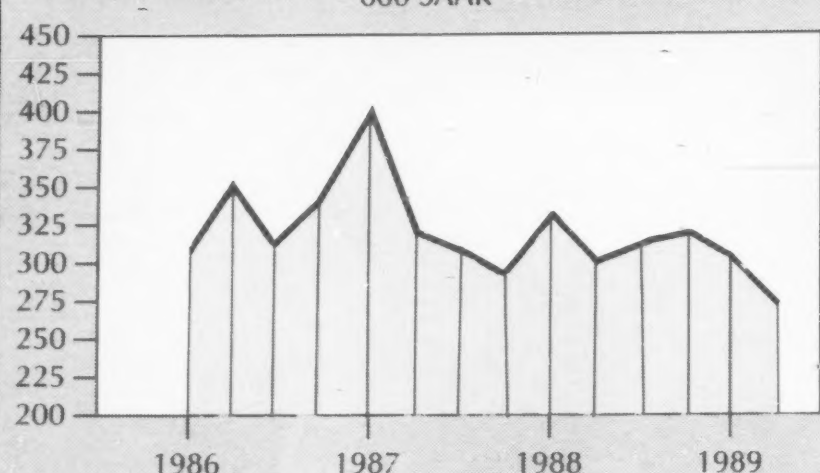
P.O. Box 340 • Lincoln, NC 28093-0340 • (704) 735-7165 • 1226 Cardiff Blvd. • Mississauga, Ontario, Canada L5S 1P6

Business Watch

Section 4

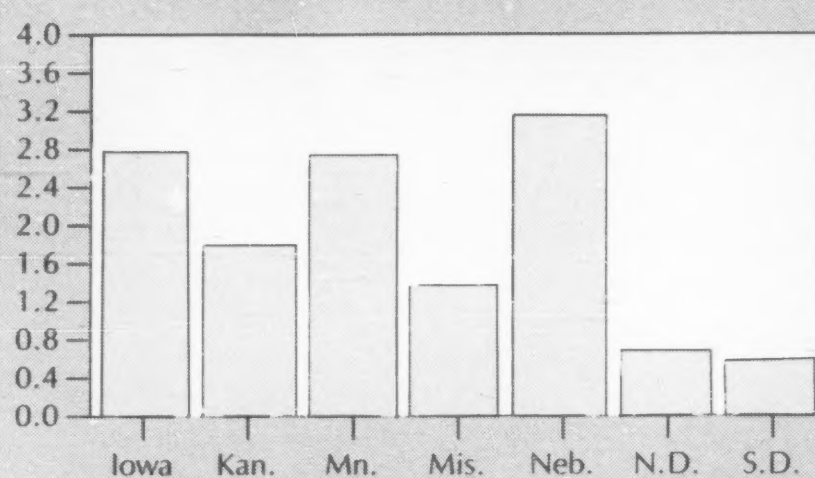
Declining resales . . .

West North Central Resales—
000 SAAR



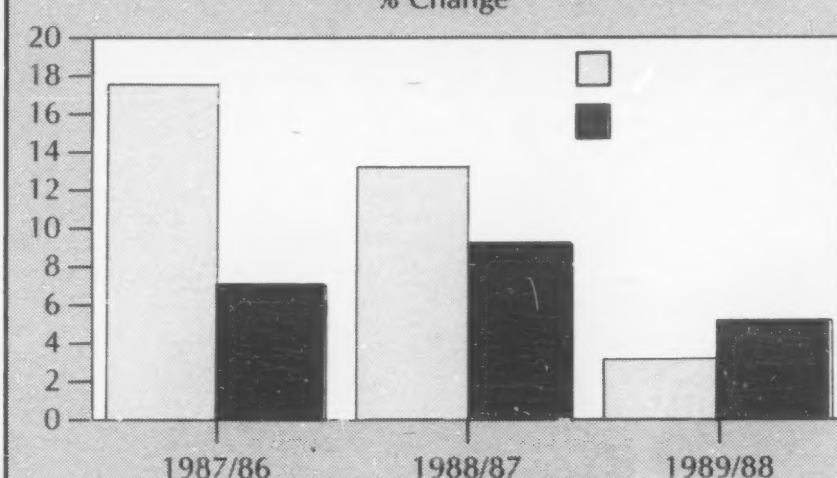
. . . with diverse employment gains . . .

Employment % Change Year Ago



. . . will soften sales in 1989.

Building Material Sales—
% Change



West North Central states do not duplicate 1988's sales advances

By Richard E. Mount
Special to NHCN

Building material sales in the West North Central states are slowing dramatically from their 13.3 percent gains in 1988 to a more moderate 2.7 percent rise in 1989. This will be below the 4.4 percent gain expected at the national level.

Adjusted for inflation, the region could be off 1.5 percent. Sales fell sharply in the first quarter of this year,

but rebounded in the second, keeping year-to-date gains down. Resales, an important indicator of future building material sales, are down 7 percent from last year,

suggesting a difficult period for sales gains in the second half of 1989.

The strongest states in the West North Central region have a traditional agricultural base and benefit from the improvement in farm income.

Nebraska should be the best market for building material sales this year. It is enjoying a gain of 3.2 percent in employment. Resales are up 13 percent from last year. Iowa is slightly less strong, with new jobs up 3.1 percent.

Minnesota is a hybrid state with a large agricultural base but also a manufacturing and finance center in Minneapolis. Employment is up 2.7 percent with services the largest growth sector. Resales, however, are off 20.7 percent so far this year, suggesting weak building material sales ahead.

Moderate growth is occurring in Kansas and Missouri. Kansas is the stronger, with employment up 1.7 percent, although resales are running 8 percent below last year. Missouri is up only 1.4 percent, held back by a small 0.9 percent rise in manufacturing.

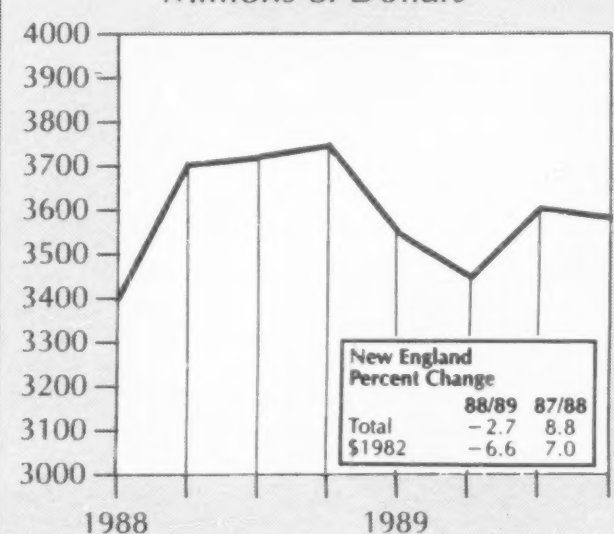
The Dakotas are the weak spots in the region. Resales are currently up 6 percent. South Dakota shows total employment is up 0.6 percent, but resales are up 20 percent.



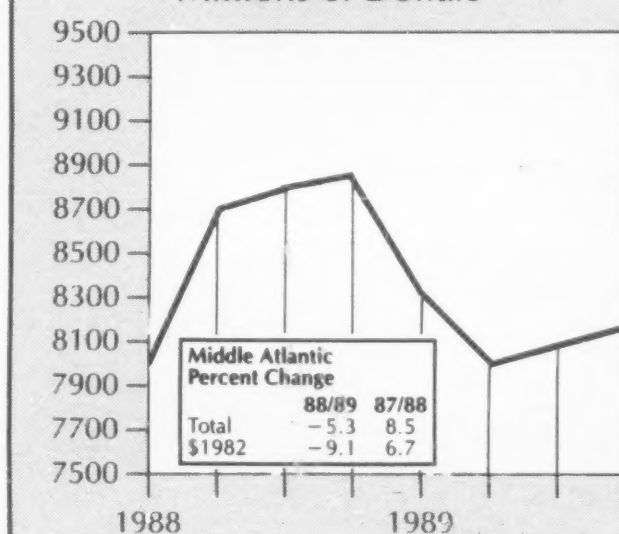
Richard E. Mount

Regional Outlook: Building Material Sales

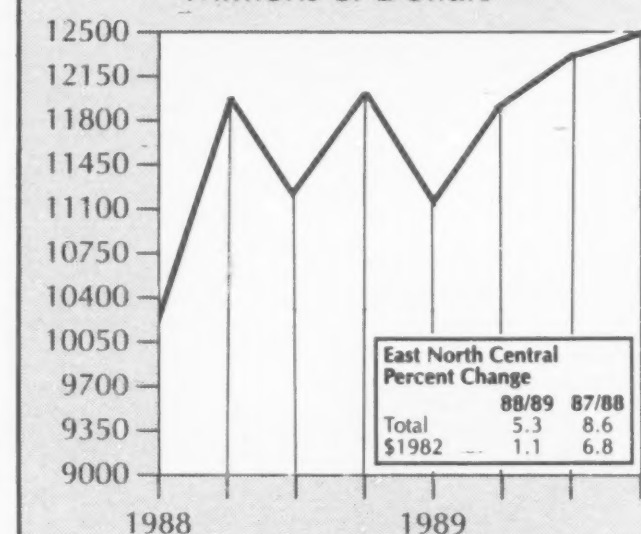
New England
Millions of Dollars



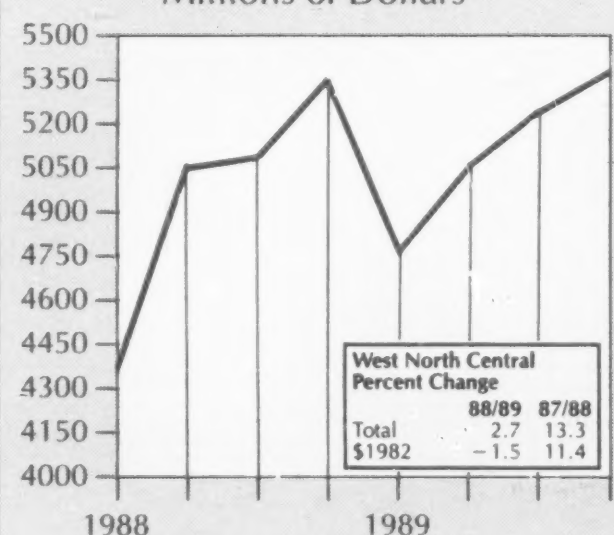
Middle Atlantic
Millions of Dollars



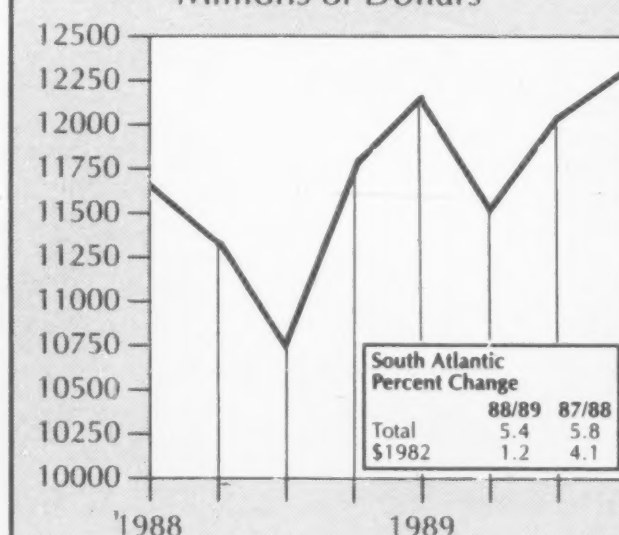
East North Central
Millions of Dollars



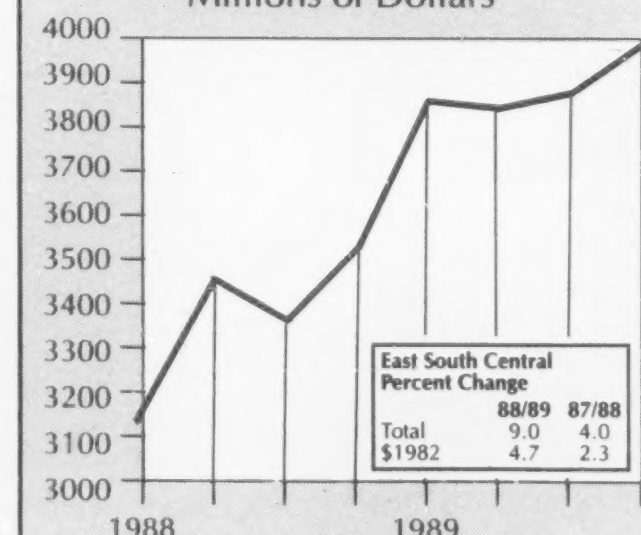
West North Central
Millions of Dollars



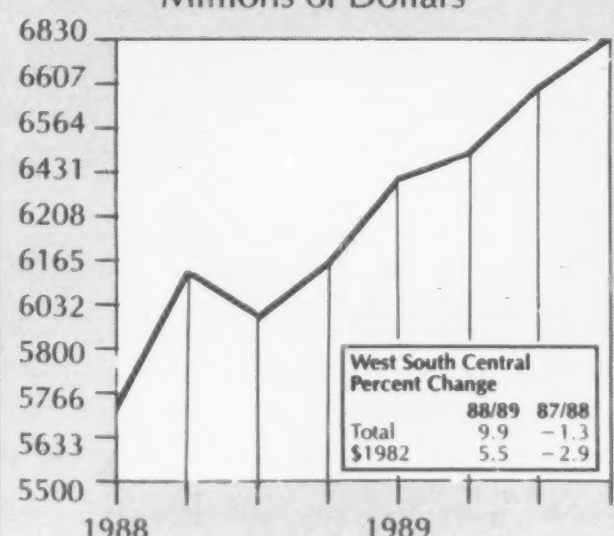
South Atlantic
Millions of Dollars



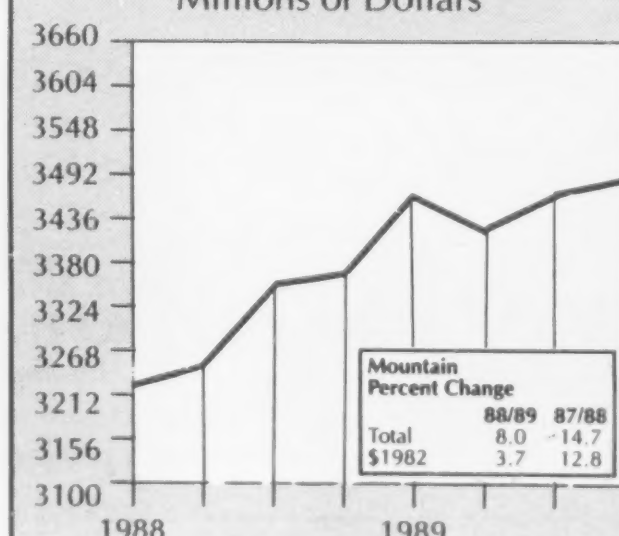
East South Central
Millions of Dollars



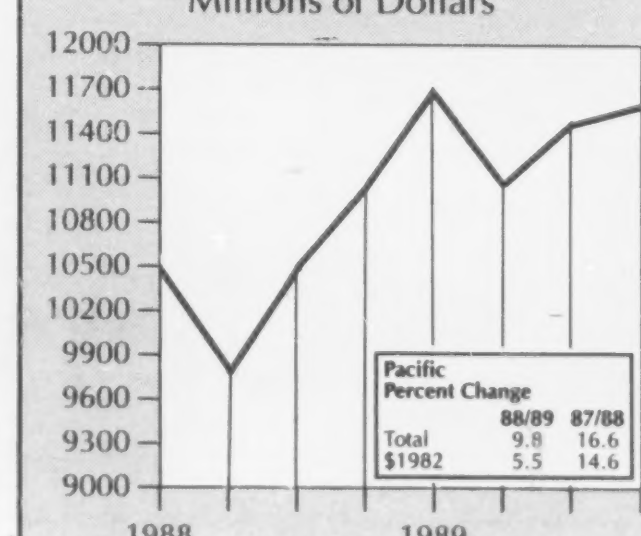
West South Central
Millions of Dollars



Mountain
Millions of Dollars



Pacific
Millions of Dollars



Data: Dept. of Commerce
Bureau of Labor Statistics
National Association of Realtors
Dept. of Housing and Urban Development

The Home Center Industry Outlook runs in two parts, one each month. The first part includes latest data on the General Economic Outlook; Residential Alterations & Repairs; and Retail Trade Activity. The second part includes latest data on regional building material and supply store sales.

SAAR—Seasonally Adjusted Annual Rate
p—projection
NHCN chart

Richard Mount is president and chief economist with Mount Economic Consulting.

Business Watch

stocks

Stanley posts record quarterly earnings due to inventory cutbacks

By an NHCN staff editor

NEW BRITAIN, Conn. — Inventory reductions helped The Stanley Works achieve record earnings for the three months ended Sept. 30.

Net income rose 13 percent to \$29 million, or 65 cents per share, on sales of \$488 million, a gain of 4 percent. Inventory cutbacks, particularly in hand tools, produced a last-in, first-out inventory gain of \$4 million that contributed to gross margin increases.

The company's home improvement and consumer products segments accounted for \$265.9 million of that quarter's revenues, "led by a strong performance in hand tools," reported the company in a prepared statement.

Richard Ayers, Stanley's chairman, also noted that the company's overall

sales gain "was largely the result of a price increase over the third quarter of 1988."

For the first nine months of fiscal 1989, Stanley's net income grew 15 percent to \$84.4 million, or \$1.94 per share, and sales increased 3 percent to \$1.5 billion.

5 acquisitions completed

In the most recent quarter, Stanley saw strong showings out of its European markets, whose sales expanded 6 percent compared to 3 percent in the U.S. Also during this quarter, the company, according to Ayers, completed the purchases of five businesses (including S. Parker Hardware) "consistent with the strategic focus of our home improvement/consumer and industrial/professional business segments," said Ayers.

He forecast record sales and earnings for the fourth quarter and full year.

Dow dip does in industry stocks

The 190-point dip in the Stock Market adversely affected the selling prices of home improvement-related companies' shares. In the two-week period of Oct. 6 through 20, 39 of the 47 stocks tracked for NHCN by Media General declined, three were flat and four were resilient enough to improve.

All of the gainers were manufacturers. Mor-Flo Industries, whose stock price has been volatile all year, increased by 2.44 percent to \$5.25 per share. Republic Gypsum grew by 2.56 percent to \$5; Catalina Lighting by 1.96 percent to \$13; and Newell Cos. by 0.52 percent to \$48.50.

A number of suppliers, though, took some big hits. Owens-Corning's stock lost more than one-fifth of its value and fell to \$27.25 per share. USG Corp. declined by more than 14 percent to \$3 per share. Black & Decker dropped nearly 13 percent to \$20.88.

The two-week period was a washout for home center retailers, as not one increased its share price.

Strober Organization and General Building Products declined the farthest. General fell nearly 17 percent to \$2.50 per share, while the Brooklyn, N.Y.-based Strober declined by 14.29 percent to \$4.50.

Grossman's and Hechinger's "B" stock were able to maintain an even keel. But National Lumber declined by more than 13 percent to \$1.63.

Gainers
4Unchanged
3Losers
39National
Home Center News

HOME CENTER MARKET SUMMARY

		STOCK PRICE						VOLUME				EARNINGS/SHARE				P/E	DIVIDENDS			FINANCIAL POSITION								
		Covering The Period 10/06/89 - 10/20/89												Latest 12 Months vs Preceding 12 Months Change										Last Fiscal Year (Per Share)				Last
Company (Exchange)	Symbol	High	Low	Close	Change		52-Week		Total Volume This Period	% Shrs. Out-standing	Average Daily Vol. Last 52 Week	Average Daily Vol. This Period	Last Fiscal Year			5-Year Annual Growth Rate	Profit Margin	Latest P/E Ratio	Indicated Divd. Rate		Last X-Dvd. Date	Last Fiscal Year		Current Ratio	Long Term Debt	Common Stock Equity	Balance Sheet Date	
					Amt	Pct	High	Low						Amt	Pct				Amt	Yield		Revenue	Earnings					
		\$	\$	\$	\$	%	\$	\$	(100)	%	(100)	(100)	\$	\$	%	%	%	-	\$	%	-	\$ Mil	\$ Mil	-	\$	\$	-	
Retailers																												
Gen Bldg Prods (O)	GBLD	3.00	2.50	2.50	-50	-16.67	5.00	2.50	242	61	38	24	-06	-86 S	-100.0	NC	-3	NE	.00	0	00-00-00	79.3	-2	4.6	5.48	4.01	1188	
Grossman's Inc (O)	GROS	6.00	5.50	5.88	.00	.00	9.75	4.88	15,619	5.98	2,190	1,562	50	-02 S	-3.7	NC	1.2	11.3	.00	0	00-00-00	1141.6	13.2	1.8	6.15	3.88	1288	
Hechinger A (O)	HECHA	14.75	13.88	14.25	-38	-2.56	19.63	13.88	11,287	5.51	1,052	1,129	NA	NA	NA	NA	NA	NA	16	1.1	07-31-89	NA	NA	NA	NA	NA	NA	
Hechinger B (O)	HECHB	15.00	14.25	14.75	.00	.00	19.50	14.25	622	42	60	62	130	-05 S	-4.2	14	4.8	12.9	.06	4	07-31-89	1019.4	48.8	3.9	4.95	10.14	0189	
Home Depot (N)	HD	37.50	30.25	35.13	-2.38	-6.33	38.13	17.69	23,374	3.07	2,154	2,337	100	32 S	36.8	46	3.8	29.5	.12	3	08-25-89	1999.5	76.8	1.7	1.45	5.16	0189	
Interco (N)	ISS	1.38	.75	1.00	-38	-27.27	3.88	.75	26,518	7.33	NC	2,652	NA	NA	NA	NA	NA	NA	.00	0	00-00-00	NA	NA	NA	NA	NA	NA	
K mart Cp (N)	KM	38.88	33.50	35.50	-3.00	-7.79	44.88	33.50	71,319	3.57	6,471	7,132	400	25 S	7.1	15	2.9	9.4	1.64	4.6	11-10-89	27301.0	803.0	2.0	14.78	25.13	0189	
Lowe's Cos (N)	LOW	31.88	28.25	30.13	-1.63	-5.12	32.13	19.25	5,965	1.61	646	597	1.83	21 S	12.1	3	2.7	15.5	.48	1.6	10-06-89	2516.9	69.2	2.0	5.12	15.80	0189	
NHD Stores (O)	NHDI	7.00	6.38	6.75	-38	-5.26	9.50	6.38	166	1.27	25	17	79	-09 S	-13.4	9	1.9	11.6	.00	0	09-16-86	51.4	1.0	2.1	4.07	7.14	0189	
Natl Lumber (O)	NLTB	2.13	1.63	1.63	-25	-13.33	2.88	1.63	348	62	41	35	-82	-77 S	NE	NC	-3.0	NE	.00	0	00-00-00	152.0	-4.6	1.2	.21	2.86	0189	
Scotty's Inc (N)	SHB	16.38	15.88	16.13	-25	-1.53	16.63	10.50	203	14	236	20	23	-53 F	-69.7	-27	6	70.1	.52	3.2	07-06-89	561.1	3.4	2.1	3.58	12.20	0688	
Sears Roebuck (N)	S	44.50	38.50	40.63	-1.88	-4.41	48.13	38.50	77,479	2.15	8,678	7,748	2.40	-126 S	-31.3	-7	1.8	14.7	2.00	4.9	08-22-89	50407.8	909.5	.0	26.15	37.75	1288	
Std Bld Pnt (N)	SBP	15.13	14.00	14.38	-50	-3.36	19.38	11.75	1,319	2.30	339	132	37	64 S	NE	-27	1.2	28.2	.00	0	08-11-87	304.4	3.7	2.8	28.85	6.65	0189	
Strober Organiz (O)	STRB	5.00	4.50	4.50	-75	-14.29	10.25	4.50	391	64	58	39	64	-36 S	-48.6	6	2.8	11.8	.00	0	00-00-00	140.4	3.9	1.7	1.09	4.93	1288	
Wolohan Lumber (O)	WLHN	20.50	18.75	18.75	-150	-7.41	27.00	15.88	2,940	4.99	216	294	1.92	26 S	15.2	45	4.3	9.5	.28	1.5	08-28-89	257.8	11.2	2.6	4.79	9.02	1288	
Wholesalers																												
Hughes Supply (N)	HUG	19.88	19.00	19.25	-50	-2.53	21.88	16.50	346	73	66	35	1.99	-09 S	-4.6	10	1.9	10.3	.36	1.9	07-31-89	501.9	9.7	3.0	15.72	18.88	0189	
Moore-Handley (O)	MHCO	4.00	4.00	4.00	-25	-5.88	4.50	3.75	42	19	15	4	-17	-18 N	NE	NC	-5	NE	.20	5.0	10-03-88	99.7	-5	2.0	3.18	5.98	1288	
Manufacturers																												
Am Consum Prods (O)	ACPI	8.50	8.00	8.00	-25	-3.03	11.00	7.00	166	64	30	17	70	01 S	1.4	NC	-2.3	11.0	.00	0	06-08-88	78.6	1.8	4.3	7.33	5.40	1288	
Am Woodmark (O)	AMWD	8.00	7.25	7.25	-75	-9.38	13.75	7.25	292	39	52	29	1.00	17 Q	22.1	NC	4.7	7.7	.00	0	05-24-88	158.7	7.5	2.3	3.65	5.41	0489	
Armstrng Wrid (N)	ACK	46.25	38.75	40.00	-5.25	-11.60	50.88	31.75	23,435	5.07	2,087	2,344	3.51	02 S	6	18	6.1	11.4	1.06	2.7	08-07-89	2680.3	162.7	1.2	4.02	21.73	1288	
Black & Decker (N)	BDK	24.00	20.13	20.88	-3.00	-12.57	25.25	18.13	21,920	3.71	2,821	2,192	1.65	-11 N	-7.3	4	4.3	14.9	.40	1.9	09-01-89	2280.9	97.1	1.7	4.73	12.38	0988	
Boise Cascade (N)	BCC	43.50	40.25	41.25	-2.13	-4.90	48.00	39.25	14,530	3.57	1,514	1,453	6.34	1.42 S	26.9	40	7.1	6.2	1.52	3.7	12-11-89	4094.6	289.1	1.3	20.59	37.34	1288	
Catalina Lightg (A)	LGT	13.13	11.75	13.00	.25	1.96	15.25	5.25	1,173	2.61	198	117	41	23 N	69.7	NC	4.1	23.2	.00	0	00-00-00	26.9	1.1	1.6	.06	1.52	0988	
Champ Intl (O)	CHA	33.63	30.25	32.38	-1.13	-3.36	37.75	29.50	33,615	3.53	2,871	3,362	4.80	89 S	22.0	NC	8.9	6.6	1.10	3.4	09-11-89	5128.5	456.4	1.4	20.00	35.05	1288	
Clairson Intl (O)	CLIC	7.56	7.31	7.38	-13	-1.67	7.56	2.75	557	1.09	197	56	-3.79	-4.34 F	-100.0	NC	-18.5	NE	.00	0	00-00-00	104.2	-19.3	.7	.75	.06	0988	
Cooper Indus (N)	CBE	47.00	32.63	34.88	-50	-1.41	47.00	25.69	22,338	2.19	2,094	2,234	2.21	46 S	24.1	21	5.3	14.7	1.00	2.9	09-12-89	4258.3	224.4	1.7	11.54	17.47	1288	
DeSoto Inc (N)	DSO	39.38	32.38	36.63	-1.88	-4.87	52.50	32.25	3,945	9.78	365	395	79	-2.16 S	-100.0	NC	8	NE	.40	1.1	09-20-89	402.5	3.2	1.8	12.33	24.29	1288	
Georgia Pacific (N)	GP	61.00	54.00	56.25	-4.50	-7.41	62.00	33.25	30,157	3.18	2,512	3,016	4.76	2.45 N	54.7	46	4.9	8.1	1.40	2.5	08-07-89	9509.0	467.0	1.9	26.51	27.79	1288	
La Pacific (N)	LPX	42.63	37.25	41.13	-1.25	-2.95	42.63	26.00	15,562	4.17	1,040	1,556	4.02	48 N	12.0	42	8.5	9.2	1.00	2.4	08-08-89	1799.4	153.6	3.3	9.92	30.51	1288	
Macmillan Bloedel (O)	MMBLF	17.00	16.25	16.25	-38	-2.26	17.88	13.88	2,530	25	543	253	2.58	-18 N	-7.4	NC	10.1	7.3	.80	4.9	08-07-89	2743.8	276.4	11.7	1.45	10.86	1288	
Manville Cp (N)	MVL	10.38	9.38	9.75	.00	.00	10.38	6.38	10,223	2.59	827	1,022	7.9	79 F	NC	NC	4.7	12.3	.00	0	00-00-00	2062.2	96.0	1.7	22.06	7.39	1288	
Masco Corp (N)	MAS	27.50	24.00	25.38	-1.75	-6.45	31.13	23.63	40,610	2.60	3,351	4,061	2.10	-05 S	-2.6	16	11.8	13.5	.52	2.0	10-16-89	2438.6	288.3	3.0	7.30	11.30	1288	
Mor-Flo Inds (O)	MORF	5.38	5.13	5.25	.13	2.44	7.75	5.00	156	62	17	16	-1.11	2.74 S	NE	NC	-1.3	NE	.01	2	12-09-88	218.0	-2.8	1.8	12.85	14.08	1288	
Newell Co (N)	NWL	50.50	44.75	48.50	.25	.52	50.50	25.50	5,900	2.01	574	590	2.18	.96 S	61.9	24	6.2	19.3	.88	1.8	08-09-89	988.2	61.4	1.7	6.56	11.19	1288	
Nortek Inc (N)	NTK	8.38	6.75	7.25	-88	-10.77	10.38	6.75	1,357	.94	342	136	.90	.16 S	NE	NC	1.1	NE	.10	1.4	10-02-89	1224.2	13.2	2.9	38.65	16.34	1288	
Owens Corn (N)	OCF	34.13	24.63	27.25	-6.88	-20.15	36.88	19.50	29,989	7.46	1,292	2,999	4.71	4.88 S	NC	NC	7.0	5.6	.00	0	00-00-00	2831.0	197.0	1.2	32.73	-15.18	1288	
Ply-Gem (A)	PGI	13.13	12.00	12.63	-38	-2.88	15.00	11.75	2,340	2.18	209	234	1.41	.15 S	16.5	13	4.1	11.9	.12	1.0	08-14-89	383.7	15.9	4.0	7.71	9.37	1288	
Pope & Talbot (N)	POP	26.75	23.75	25.13	-1.50	-5.63	29.75	16.38	4,887	4.14	266	489	2.68	1.05 N	41.3	NC	6.2	7.0	.60	2.4	10-24-89	515.0	31.9	1.9	6.24	13.05	1288	
Potlatch Cp (N)	PCH	36.13	32.00	33.25	-1.88	-5.34	38.63	29.00	6,617	2.30	388	662	4.04	.86 N	23.0	33	10.4	7.2	1.20	3.6	11-09-89	1084.1	112.4	2.4	13.66	24.97	1288	
PPG Inds (N)	PPG	44.13	38.88	39.88	-2.75	-6.45	46.00	36.25	19,207	1.66	1,691	1,921	4.26	.35 S	9.0	17	8.3	9.4	1.52	3.8	08-04-89	5638.7	467.6	1.5	8.00	20.48	1288	
Rep Gypsum (N)	RGC	5.13	4.63	5.00	.13	2.56	5.75	4.25	557	.55	63	56	.24	.04 F	20.0	-29	5.0	20.8	.20	4.0	08-25-89	48.1	2.4	3.6	.90	3.19	0689	
Sherwin-Wms (N)	SHW	34.88	31.75	32.50	-2.38	-6.81	35.75	24.88	6,326	1.47	1,027	633	2.30	.17 N	7.3	13	5.2	13.0	.70	2.2	08-21-89	1950.5	101.1	2.0	3.01	13.97	1288	
Stanley Works (N)	SWK	36.50	32.50	35.00	-88	-2.44	39.25	25.50	12,679	2.96	950	1,268	2.40	.40 S	18.3	10	5.4	13.5	1.08	3.1	09-05-89	1909.0	103.5	2.7	7.93	16.31	1288	
Thos Inds (N)	TII	20.38	19.13	19.63	-13	-6.3	20.72	18.13	751	.74	100	75	1.62	.01 N	6	4	5.1	11.5	.72	3.7	08-28-89	347.6	17.7	2.7	.00	12.25	1288	
Union Camp (N)	UCC	39.13	35.38	35.63	-3.00	-7.77	41.38	31.00	18,670	2.71	1,590	1,867	4.25	.67 N	17.1	20	11.1	7.8	1.48	4.2	08-28-89	2660.9	295.2	2.4	9.13	22.66	1288	
USG (N)	USG	3.63	2.88	3.00	-50	-14.29	7.38	2.88	11,697	2.17	1,307	1,170	2.38	-1.68 S	-61.5	NC	5.6	2.9	.00	0	00-00-00	2248.0	125.5	1.0	44.18	-27.26	1288	
Waxman Inds (N)	WAX	10.63	9.63	10.13	-63	-5.																						

Robertson's uses offbeat promos

(Continued from page 1)
son's advertising director Daniel Messmer, who has cultivated a distinct dislike for things routine since joining the company five years ago.

"Like most of what we do," he said, "it was meant to attract attention. I don't like humdrum promotions."

The 27-year-old Messmer, a 1984 graduate from the University of North Dakota with degrees in both accounting and advertising, heads a committee in his office that generates unorthodox promotions designed to boost traffic at Robertson's stores. The company, based in Grand Forks, N.D., has 22 outlets.

For the Roseau store opening, Messmer suggested that vendors donate prizes of cash and products, to be awarded to shoppers who turned in leaflets containing "lucky numbers." The vendors complied, and the store, according to Messmer, was packed with people as a result.

When Robertson's manufacturing arm, Noeske Lumber and Sawmill in Osage, Minn., began selling kiln-dried lumber earlier this year, Messmer labeled and postmarked more than 100, inch-

thick, postcard-shaped samples of the product and mailed them out to customers.

Seizing every benefit from that promotion, a section of the wood provided Noeske's phone number and read: "We accept collect calls."

Perhaps Messmer's most creative talents are employed in Robertson's ads, which are among the most celebrated in the business. Marketing trade groups have recognized them, and two received an NHCN "Golden Hammer Award" for excellence in marketing and advertising last March.

The ads, including print and radio and television spots, usually employ humor, which Messmer believes is one of the most effective selling tools.

"Price and the item are secondary," he says. "It's the company name and the gag that people remember."

One radio spot has a DIYer building a deck out of waferboard. The deck is heard crashing down as a neighbor cracks, "Sounds like you need stronger wood," and advises going to Robertson's. Seconds later, that same DIYer, now constructing a house, confesses that he plans to live "beside it, not in it."

A recent newspaper ad, meanwhile, was designed as a board game. The introduction, "Play the Robertson's Home Improvement Game," is followed by a path of squares that individually pitch sale items, from wallpaper to insulation. A "rules" box urges, "Buy all your quality home improvements at Robertson's for less."

While Messmer advocates the offbeat, he cautions there are limits.

"People want to see certain things in ads—like products and prices," he says. "But you can grab attention with design and color. Hot pink and lime green, for example, are very effective."

Robertson's newest location offers Messmer a unique challenge. Thirty miles south of the Canadian border, the area swells almost daily with

bargain-seekers from the province of Manitoba.

Messmer must consider whether the same gags that have served Robertson's well thus far will play on those north of the border as well.

But while pondering that, he has plenty to keep him busy. Like the holidays, for instance, which he awaits with almost giddy anticipation.

"I've got a few things in the works for Christmas."

Ernst remodels again

(Continued from page 7)
currently installed in 23 stores and is scheduled to be in all units by the end of December. The CAD system is the stores' centrally located customer design centers, and its use will be expanded to include deck packages in the future.

New executives hired

The completion of the latest remodeling effort was unveiled simultaneously to the appointment by the chain of four new vice presidents, two of whom come from BE.

Dennis Albert, 43, who previously had been BE's vp and

general manager, was named Ernst's vp-merchandise services. Bob Provenza, 48, was vp-distribution for the Irvine, Calif.-based BE for several years before joining Ernst last month in that same capacity.

Ernst's own divisional merchandise managers Gordon Erickson and Bill Crayton also became merchandising vps. Erickson, 35, has been with Ernst 14 years and now oversees hardware, plumbing, electricals, lumber and building materials. Crayton, 46, supervises the buying of garden, nursery, seasonal, furniture, housewares and paint.

Index of Companies in This Issue

A Place For Everything	34	Gossen Corp.	46	Ply-Gem	34
Abitibi-Price	44,46	Graber Industries	24,42	Phywood Tropics, Inc.	7
A.C. Houston	13	Great Ace	20,21	Prets Ace Home Center	73
Ace Hardware	7,38,73,74	Grossman's	21,44,68,74	Pro Hardware	52
ACO Hardware	46	Halmar Distributors	7,74	P. T. Kalimanis Group	7
All American Home Centers	22,24,28,31,44	Hamilton Lighting	28,31	Quality Door	33
Amdura	74	Handy Andy	19,21,28,34,36,74	Ralar Distributors	7
American Lumber and Home Center	22	Handy Hardware Wholesalers	73	Red Devil	74
American Ornamental	44	Handyman	74	Republic Gypsum	68
Auto-Graph	7	Hechinger	8,21,31,33,42,44,68	Rickel	6,46,74,76
Baldwin	36,38	Home Depot	21,28,31,33,34,48,74	Riviera Cabinets	33
Bendix Corp.	52	HomeClub	21,33,34,42,73	Robertson Lumber	1,76
B&H Lumber	73	Housatonic Lumber	36	Rubbermaid	7
Big B Lumberteria	73	Hoyle Industries	33	S. Parker Hardware	68
Black & Decker	68	Hunter Douglas	24	Sam Nassi Co.	6
Blish-Mize	5	Ideal Lumber	73	San Lorenzo Lumber	73
Bohn's Building Materials	73	International Paper	31	Schottenschein Stores Corp.	6
Briggs Industries	52	Jay-K Hardware	33	Schreiber Wholesale	74
Broadway For-Your-Home	34	J.C. Snively & Sons	36	Scotty's	46,74
Bruce Hardwood Floors	56	J. P. Industries	5	Sequoia Supply	73
Builderama	6	JPI Modern, Inc.	5	ServiStar	5,52
Builders Emporium	7,76	Kaufman Lumber	22	Simon Stores	24,28
Builders Square	28,33,74	Kirsch	42	Smedbo	36,38
Busy Beaver	21	Knox Lumber	31	Snowflake Western True Value	21
Caldor	7,74	Kogel/Giant Builders Supply	22	Somerville Lumber	5,19,21,33
Carolina Building Materials	1	Kuesters	20,31	Space Options	34
Catalina Lighting	28,31,68	Lampert Lumber	5	Sprague Technologies	52
Central Hardware	42	Lawn-Boy	13	Standard Brands	24,33,73
Channel	42,48,74	Len-Co Lumber	73	Stanley Hardware	34
Chase-Pitkin	44	Levy's Home Centers	48	Stanley Works	34,68,74
Chesapeake Hardwood Products	7,74	Liberty Distributors	52	States Industries	57
Church's Lumber	19,34	Lindsley Home Care	6	Stelcan Lumber	44
City Building Supplies	44	Liverpool Lumber	44	Strober Organization	68
Clopay	42	Lone Star Hardware	6,74	Sun Housewares	31
Closet Maid	34	Lowe's	19,21,31,74	Supermarkets General Corporation	74
Coast to Coast Hardware	52	Lumber City	48	Supply One	24
CoastAmerica	74	McCoy's	74	Synkoloid Company	57
Cotter & Co.	52	Michigan General	5	The Andersons	48
DAP, Inc.	56	Monarch Mirror	33	The Peter Kuntz Co.	5
Davis Ace Hardware	73	Mor-Flo Industries	68	The Woodworkers	73
Del Mar	24,28	Moxham Lumber	73	3 Day Blinds	24,28
D.G. Mouldings	44,46	Mr. Build	7	Toro	13
Diamond Lumber	5,74	Mr. Goodbuys	20,21,22	USG Corp.	68
Dixieland Lumber	21,36,48	Nalcor Inc.	5	Valli & Colombo	36,38
Duracell	73	National Lock	5	Von Tobel Lumber and Hardware	38
Dynasty	28,31	National Lumber	68	Ward White plc	6
Elliott's	38	Newell Cos.	68,74	Ward White USA	6
Erb Lumber	5	Newell Window Furnishings	28	Westlock Corp.	5
Ernst	6,7,74,76	Noeske Lumber and Sawmill	76	West Building Materials	74
Eveready	73	Ocean Rim	56	Westlake Hardware	6,74
Facelifters	31	Owens-Corning	68	Weyerhaeuser	6,7,74
Farwell, Ozmun and Kirk	74	Pay 'N Pak	19,28	Wickes Cos.	5
Federal Wholesale	74	Payless Cashways	5,21,31	Wickes Lumber	6
Ferche	44	Polican Building Centers	1,73	Wiener Enterprises	8
Fred Meyer	33	Pergament	20,22,28	Wolohan Lumber	5
Furnan Lumber	52	Philips Lighting Co.	57	World of Moulding	44,46
Gamble Brothers	31,33	Pittsburgh Corning	21	W. R. Grace	74
General Building Products	36,68	PK Lumber	5	Yardbirds	34
Georgia-Pacific	7,74	Pleasure Point Lumber	1,73		

The most profitable products you can sell are ideas and know-how

You can convert a customer's faucet repair into a kitchen remodel, a concrete patching job into a new deck, or a storage project into a room...

Simply capture their imaginations with project ideas, then provide them with the how-to skills. We do both.

Sunset

BOOKS & VIDEO

The most trusted name in d-i-y information

Call 1-800-227-7346/In California 1-800-321-0372

Circle 60 on Reader Service Card

Advertisers Index

AdM Milling	52, 46	Handy Store Fixtures	13, 10	RSG Forest Products	36, 32
American Tool	62, 56	Honeywell	60, 51	Rubberset	37, 33
Amico Floors	52, 47	Hunter Fan	53, 48	Schlage Lock	13, 13
Andersen Corp.	26, 27, 21	ICL	61, 54	Spectrum Group	75, 59
Arax	30, 24	Keller Industries	64, 57	Stanley/Parker	50, 51, 45
Cole Sewell	8, 7	Keller Industries	42, 39	Steel City Corp.	13, 12
Conroe Corp./Metylan Products	28, 22	Keystone Franklin	39, 37	Stencil Ease	34, 30
Croft Metal	23, 18	Knauf Fiber Glass	13, 11	Sunny Wood Products	18, 17
CSM, Inc.	60, 52	Kraftmaid Cabinetry	25, 20	Vance/Home Center Show	46, 43
Curtron Industries	24, 19	Lane Publications	76, 60	Vermont American Tool	58, 57, 50
Design House	38, 34	Larson Manufacturing	29, 23	Vermont American Tool	58, 59, 50
Diamond F. Corp.	31, 26	Louisiana-Pacific	40, 41, 38	Waban	44, 42
Dutch Boy Group	78, 62	Macco Adhesives	48, 44	Waxman Industries	9, 8
EZ Painter	43, 41	Marketware Planogram	8, 5	Weiser Lock	38, 36
EZ Painter	45, 41	National Manufacturing	38, 35	Weyerhaeuser Wood	2, 3, 4, 1
EZ Painter	47, 41	National Store Fixtures	8, 2	W.W. Henry	13, 14
EZ Painter	49, 41	Owens Corning	54, 55, 49	Yenkin-Majestic Paint	31, 25
General Marble	35, 31	Pak-Mix	10, 9	Yenkin-Majestic Paint	33, 25
Georgia-Pacific	16, 17, 16	Phoenix Millwork	8, 6		
Glidden & Co.	8, 4	Price Pfister	15, 15		
Gruppen Ratti Silvio	8, 3	Rainbird	32, 27		
GTE Sylvania	77, 61	Remington	33, 29		
		Ridgeline Corp.	80, 53		
		Royal Rubber	42, 40		

This index has been compiled for the convenience of our advertisers and readers. While every precaution is taken to prevent mistakes, the publishers cannot be held responsible for errors or omissions.

C 5150-6

0025775C
MS JEANNE LONG
CONGRESSIONAL INFORMATION 1K9
4520 EAST-WEST HIGHWAY/SITE 80
BETHESDA
MD 20814

National Home Center News

Vol. 15, No. 24 \$3 a copy The newspaper for retailers serving homeowners and contractors. Published by Lebhar-Friedman Inc. November 20, 1989



Payless Cashways' store in Nashville features a completely remodeled bath area called "21st Century." NHCN photo

Nashville's home center cluster gets new rival

Depot installs decorator nook

By Gary S. Ruderman

NASHVILLE, Tenn. — Two hundred thousand square feet of new competition opened here on Nov. 9.

Home Depot's newest unit, located on this city's Gallatin Road, presents 102,000 square feet of rivalry right down the street from a home center cluster that includes a Payless Cashways, a Lowe's and a Central Hardware. That and its other new store in the market have lots of new features both for Home Depot and the market.

The Atlanta-based retailer debuts several prototypical departments. Its home decorating centers have 1,000 wallpaper books whose complete assortments are being offered at 35 percent discounts.

Three in-store interior designers man the department
(Continued on page 48)

Gypsum wars enter next phase; two players debut new products

By Gary Ruderman

NATIONAL REPORT — The Great Race to introduce the nation's first "revolutionary" new wallboard in 68 years will reach peak speed in the next 120 days.

The players in what some

in Chicago next March, two years after their plans to develop the new drywall became known (NHCN, March 7, 1988). However, selected customers have already seen and tried the commodities.

Furman expects to be in full production from its East Providence, R.I., plant by March 15 and expects to start shipping its trademarked Gypsonite to select retailers by summer, according to president Hawk Furman.

L-P's plant in Port Hawkesbury, Nova Scotia, will start shipping by April 15, according to Keith Matheney, director of marketing and sales for L-P's northern division.

Differences abound

The revolution, both companies claim, is the product itself. *Popular Science* counted gypsumfiber as one of the 100 best products to be developed
(Continued on page 46)

have called a David and Goliath contest—Furman Lumber near Boston and Louisiana-Pacific of Portland, Ore.—will bring their gypsumfiber and fibergypsum products, respectively, to market early next year. Furman is going after the DIY markets and small contractors; L-P will pursue the commercial, new home and remodeler markets.

The two companies will unveil their products officially to dealers and contractors at the National Home Center Show

Chase-Pitkin pres. pulls up stakes for Goodbuys' helm

By Elizabeth Brent

PHILADELPHIA — In a surprise move, Stephen W. Underwood will join the Mr. Goodbuys chain as its president and chief executive officer on Nov. 27. He will replace Tom Thornton, who is leaving to start his own retail venture.

Underwood resigned from his position as president of the Rochester, N.Y.-based Chase-Pitkin chain Oct. 30 after seven years. He will be replaced there by Bill Strassburg, who takes over as president Nov. 20. Strassburg previously worked for Chase-Pitkin's parent company, the Wegmen's supermarket chain, as district manager in the food market division.

Underwood's appointment



Stephen Underwood

comes at a crucial time for Mr. Goodbuys. During the last month the chain has received two cash infusions totaling \$14 million from its parent, Vend America, the subsidiary of Dutch-based Vendex International. The infusions, together

with the installation of a new automatic central replenishment system, are expected to help the company tackle its erratic inventory control problems (NHCN, Oct. 9).

"We're bringing in professional management of the highest caliber and essentially are current with all our vendors and will stay current," said Arnold Becker, president of Vend America based in Greenwich, Conn.

Thornton will remain at Mr. Goodbuys until Underwood takes over to ensure a smooth transition. But it is the financial state of the company and the commitment by its parent that are still foremost in suppliers' minds.

(Continued on page 46)

Housing slump drags East Coast Lumber into filing for bankruptcy

By Elizabeth Brent

EAST HAMPSTEAD, N.H. — A severe downturn in the housing market, combined with alleged embezzlement by employees, forced independent East Coast Lumber into filing Chapter 11 on Oct. 2.

East Coast has \$3 million outstanding in accounts receivable, the bulk of which is with contractors who are now in financial straits themselves. A number of these customers have also filed for bankruptcy protection.

East Coast Lumber reports having total debt of over \$7 million and assets of \$8 million. However, some of these assets are contingent upon litigation now pending in the Rockingham County superior court. East Coast has filed a suit against three former employees—Bruce Robbins, William Rudy and Ron Spur—for embezzlement it says took place prior to December 1988.

One employee reportedly built an entire house with stolen materials, according to

William Parnell, the attorney that is handling East Coast's suit against the employees.

The alleged embezzlement by the employees, he said, totaled between \$500,000 and \$1,500,000.

There is a stay on this litigation, though, until the bankruptcy is resolved. But Parnell said that might be modified, as the cash-poor East Coast needs immediate capital.

Operations streamlined

Over the last 18 months, the independent lumberyard has streamlined its operation drastically to improve profitability and focus more on the retail customer. It further consolidated its business on July 21 by closing its Portland, Maine, and Ossipee, N.H., units, located in markets whose home building and remodeling businesses had sagged considerably.

Both these leased units are still for sale,
(Continued on page 48)

News Analysis

PERSPECTIVES



Contractors peer inside as remodeling booms 17

BUYING & SELLING



Paint makers fear impact of VOC restrictions 29

INDUSTRY UPDATE

Pergament opens four stores

MELVILLE, N.Y. — Pergament Home Centers continues to consolidate its position in the New York metropolitan market with the opening of four stores in 90 days.

Its new 60,000-square-foot store in Westbury, N.Y., which opened Oct. 6, replaced two smaller units, including a 10,000-square-foot store in East Meadow, where Home Depot will open the first of its Long Island units Nov. 30.

The Westbury opening coincided with the chainwide launch of the "Pergament Power Card," a private label credit card managed by Sears Payment Systems.

The Nov. 3 grand opening of its second Staten Island store on Highland Boulevard was followed the next day by a similar-sized store opening in Center Ridge, N.Y.

Both this store and the 85,000-square-foot unit in Bayshore, N.Y., slated to open Nov. 25, are renovations of former Modell's stores.

Four accused of illegal log export

BILLINGS, Mont. — A Nov. 20 trial date was set for a lumber broker, a "log finder" and a truck driver charged with buying logs harvested from federal lands in Montana, Washington and Idaho and selling them for export to Japan in violation of federal law.

Raw logs harvested from federal lands cannot be exported. A fourth man, named in the federal indictment, has not been apprehended.

The government alleges in several counts that the broker, John Joseph Tortorelli of Washington state, signed declarations saying the timber would be used domestically. Winston D. Bentley, of Coeur D'Alene, Idaho, described by his attorney as a "log finder" and by himself as a "consulting forester," is charged with signing similar declarations and other charges.

Among other charges, truck driver Roger Britz of Washington state is alleged to have sawed Forest Service markings or brands off the ends of the federal timbers before delivering them to export docks in Washington state, along with other charges.

The three pleaded innocent in federal court last month.

Byron Dunbar, U.S. Attorney in Billings, Mont., said the year-long investigation that led to the charges continues. Dunbar would not comment on the liability of companies like ITT Rayonier, Nichimen American, ROLCO International or Louisiana-Pacific, which were identified in the indictment as having received the Forest Service logs.

Cox opens unit in Cayman Islands

CAYMAN ISLANDS — Cox Lumber began its first venture in the Caribbean area late in the summer by opening a 5,000-square-foot unit here.

Cox Lumber, based in St. Petersburg, Fla., opened its 14th store here in August. The store employs 12 people and this marks the first venture for the company off of the U.S. mainland.

One store official noted the new operation caters to both homeowners and contractors, and business was doing well the first few weeks of operation. Officials from Cox's headquarters in Florida would not discuss the new operation.

Cox's sales in 1988 reached \$60 million from the 13 stores it operated prior to the Caribbean opening.

Payless repays part of LBO debt

KANSAS CITY, Mo. — Payless Cashways, Inc., repaid \$25 million on its senior bank debt late last month.

The repayment, according to the Kansas City-based retailer, drops the company's debt from the 1988 leveraged buyout to \$330 million from the original \$609 million. In June, the company repaid \$230 million of debt by mortgaging a large portion of its real estate. In addition, the company still has \$503 million outstanding in junior and senior subordinated debentures.

In a prepared statement, Payless chairman David Stanley said cash flow since the LBO allowed the repayment. Annual interest costs will drop by \$3 million, he added.

Too-quick expansion blamed for Nuway's bankruptcy filing

By Gary S. Ruderman

BALTIMORE — An accounting of the assets and liabilities that lays out specifics of the industry's second major wholesaler bankruptcy in a month was expected to be filed Nov. 15 in Federal Bankruptcy Court here.

A week after the due date for payments to a number of vendors, wholesaler Nuway Distributors sought protection from its creditors under Chapter 11 of federal bankruptcy laws. Only one of seven creditors contacted by NHCN said it was paid anything due

in promissory notes offered by Nuway in September.

In a written statement following the Oct. 31 bankruptcy filing, Carol Cohen, director of marketing for Nuway, said the company recently completed a "restructuring" by closing four distribution centers and the "cessation" of unprofitable businesses (NHCN, Oct. 23).

Two weeks earlier, Halmar Distributors, East Longmeadow, Mass., a hardlines feeder to the discount Caldor chain with sales of \$100 million, sought to reorganize un-

der Chapter 11. Halmar's company officials blamed the rushed consolidation of three operations and the delayed opening of a single distribution center as the reason for the bankruptcy filing. Vendors said Halmar's loss of up to \$30 million in business from Caldor was the main culprit (NHCN, Nov. 6).

Expansion blamed

The reasons behind Nuway's problems are harder to find.

Wendell Fidler, Nuway's
(Continued on page 46)

NBMDA stresses commitment to education at its convention

By an NHCN staff editor

NASHVILLE, Tenn. — A stand-up comic routine by Tommy Lasorda, manager of the Los Angeles Dodgers, brought convention attendees to their feet during the opening session of the National Building Materials Dealers Association (NBMDA) meeting here last month.

Richard Bushnell, bar code expert, found Lasorda a tough act to follow. But Dr. John Stoessinger, a global analyst and author, captivated the crowd by drawing on his experiences living in the Soviet Union and China to comment on the changing international business environment.

The choice of a global speak-

er, and the 14 seminars that followed over the next two days, illustrate NBMDA's continued commitment to education—from broadening the experiences of its members to providing practical educational programs.

"We want to be known as the education association," said Stephen Ellinwood, the incoming NBMDA president and president of Building Material Distributors based in Galt, Calif.

"The key to professionalism in this industry is education. If you are concerned with profitability of this industry then you must be also be concerned with education," he said in a stirring opening address at



Stephen Ellinwood (left), incoming NBMDA president with outgoing president, Keith Rust.

NHCN photo

the awards luncheon.

As a practical strategy, the association is now bringing
(Continued on page 47)

Hechinger closes two-year-old distribution center in N. Carolina

By an NHCN staff editor

CHARLOTTE, N.C. — Hechinger Co. will close its 310,000-square-foot distribution center here on Jan. 31, and will combine many of the functions of that operation into the large warehouse at its Landover, Md., headquarters.

"The decision to close in Charlotte had more to do with our being able to increase our capacity in Landover," explained company spokesperson Pam Redfern. "We felt that combining the two into one operation would be the

best thing to do."

The Charlotte DC was built for \$9 million in 1987, according to a report in the *Charlotte Observer*. It was meant to support Hechinger's expansion into the South.

But the company has run up against extremely aggressive competition in these markets. For example, a November 1988 price point survey conducted by Goldman Sachs in the Greenville, S.C., market found that Hechinger's superior location and merchandise presentation did not offset Home Depot's price cutting.

"The effect of these lower prices on Hechinger's profit margins is likely to be substantial," wrote David Bolotsky, Goldman's analyst covering both chains.

"We estimate that Hechinger's operating margin in Greenville is less than half the chain average," he added.

Consequently, Hechinger has decided that much of its expansion into markets with warehouse competition will be made with its Home Quarters Warehouse units, which don't require separate warehouse
(Continued on page 46)

INDEX

PERSPECTIVES: Contractors peer inside as remodeling booms 17
Systems & Operations: The Material Handling Show and the NRLA Computer and Technology Exposition. . . 20,21
Wholesalers: Ace rallies the troops at its dealer show. 22

BUYING & SELLING: VOC restrictions befuddle paint makers. Retailers brush up on paint sundries merchandising. . . 29

Merchandising Digest: Roofing, Paneling, Gypsum. 36,37
Specialty Stores: Selling hardware in drug stores. 41
Advertising & Marketing: Ace unveils new ad campaign to members 42

Editorial 10
Classified 44,45
Advertisers Index 48
Company Index 48

For editorial, advertising or subscription information call NHCN's main offices at:

212-371-9400

EDITORIAL: EXT. 229

SALES: EXT. 236

SUBSCRIPTION: EXT. 379 or 419

Available for calls 9-5:30 (E.S.T.)

Use your warehouse space to its fullest by using custom Pallet Racks.



Use your warehouse space to your best advantage by tiering your cubic space with Pallet Racking. National Store Fixtures, Inc. has designed pallet racks for optimum strength and stability, while offering easy assembly and expansion to suit your needs. These racks are engineered for bulk palletized loads, loose bulk, lumber and sheet goods, drum storage and similar bulk products in racking configurations that are accessible and continuous.

urations that are accessible and continuous.

All Pallet Rack components are standard or customized to fit your requirements. For more information call National Store Fixtures, Inc., 1-800-638-7941 (in Md. 301-946-8860).



National Store Fixtures, Inc.
2730 University Blvd., P.O. Box 1811
Silver Spring, Maryland 20902

Circle 2 on Reader Service Card

Q: Who built a new plant to meet your fiber glass insulation needs?

A: KNAUF

Quality to build on.

Circle 3 on Reader Service Card

"If you're not satisfied, we're not satisfied."

George H. Weyerhaeuser

"At Weyerhaeuser, we promise we will not cut corners. Not on quality. Not on value. Not on shipments. Not on service. If you have a problem with anything we do, talk to us about it. We'll do our level best to solve the problem. You have my word on it."

Your First Choice™



Weyerhaeuser

CALL TOLL-FREE 1-800-247-5736

Circle 4 on Reader Service Card

'This Old House' gets new host, sponsors

(Continued from page 6)
erty had to be dug up, at a cost of \$3,300. (The firm that performed the job later donated the service.) And Massachusetts' strict environmental regulations have constrained septic tank and other work due to wetlands laws that are invoked because of a pond behind the house.

The land next to the house will have to be regraded to alleviate water seepage through the stone walls of the basement, the only original part of the barn to be preserved. And in looking to lay a new foundation, a layer of peat imbedded beneath topsoil and sand had to be dug out first.

But Morash believes the project should be able to stay within the original budget.

Of course, the almost \$150,000 in donated materials

from vendors helps. "As things get donated, [the Wickwires] can take off one side of the ledger and add that to the other side," Morash said.

These donations include a complete kitchen, tile for the first floor landing, clapboards and siding, roof shingles, windows, appliances, and stairs, which are being built by a small, family-owned business in Wisconsin.

Something old and new

The rebuilding of the barn uses both new and old materials and techniques of building.

New host Steve Thomas (see related story) attended a timber-framing school in New Hampshire to learn to hew mortise-and-tenon joints by hand to assemble the frame of the new barn.

But the space-age walls are made of donated stress-skin paneling, manufactured by Winter Panel Corp. of Brattleboro, Vt., using 3½ inches of injected polyisocyanurate foam sandwiched between a

sheet of oriented strandboard (OSB) on the exterior and blueboard on the interior.

An addition at the rear of the barn uses a similar, load-bearing panel that relies on OSB for both interior and exterior skins. The result is a solid wall with an R-28 insulation value, with spaces and baffles to accommodate wiring.

The plan also calls for a bank of skylights by Sanford, Maine-based Wasco, which require no mastic, sealants or flashing, and which feature heat mirror glass to reduce heat loss in winter and heat gain in summer.

And the latest requirement in home building has been included: a radon vent in the basement.

Morash said the project should be finished by Christmas. As of press time, the next job had not been determined. Daphne Noyes, publicist for the show, said "This Old House" will probably move to Santa Fe, N.M., to work on an adobe-style house.

Corrections

An Oct. 23 article on the rising cost of health insurance inaccurately reported that Insurance Management Services, a multiple-employer trust, set premiums for a business based on its sales performance. The premiums are assigned according to the company's total dollar claims against the policy.

MiTek Wood Products is the private-label producer of Weyerhaeuser's LVL flanged I joists. The company was misnamed in the Oct. 23 edition.

Any time you need a Planogram.

Call
1-800-PLANOGRAM

MarketWare Planogram Service, Cambridge, MA

Circle 5 on Reader Service Card

CORK

IMMEDIATE SHIPMENT

1-800-346-8435

Woodmark International
P.O. Box 831268
Richardson, TX 75083

Circle 6 on Reader Service Card

BIODEGRADABLE
TERM-OUT
KILLS TERMITES, ROACHES & ANTS

RESMETHRIN based aerosol for household use. Low Toxicity, 14" flex ext tube for pro results.

MAIKI ELECTRONICS
Hauula, HI. 96717
CALL (AFTER 12 noon)
800-367-8047 Ext 203

Circle 7 on Reader Service Card

Who has today's best value in soft white lighting?

PHILIPS

Longer Life Soft White

Circle 8 on Reader Service Card

More and more, America is leaning toward Cole Sewell.

COLE SEWELL

COLE SEWELL CORPORATION
2288 University Ave.
St. Paul, MN 55114
1-800-328-6596



America loves the Slim Line Design of Cole Sewell's solid core storm doors. The new, trim look adds up to 23% more glass and ventilation to Cole Sewell's exceptionally strong and energy efficient storm doors.

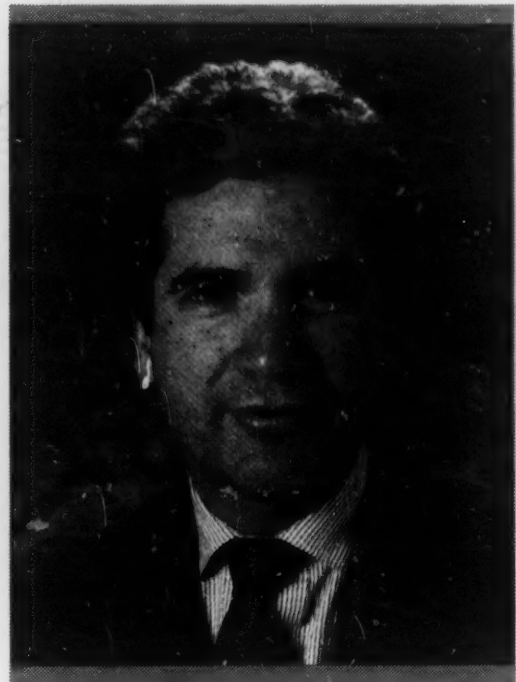
Look through the Slim Line Design of the Estate Series, Cambridge Series and Solid Saver models; you'll see the biggest improvement in solid core storm doors in years!

Circle 9 on Reader Service Card

EDITORIAL

Another take on idea of partnership

Here's another look at the subject of industry partnership. Before your eyes glaze over, I'm not talking about the usual hyphenated groupings like supplier-retailer. The importance of those kinds of relationships is pretty well accepted at this point.



Ken Schept
NHCN Editor

But it's also time for another kind of cooperation: retailer-retailer partnership between chains and independents.

If there are obvious differences between chain and independent home improvement retail companies, there are also many shared challenges. These challenges include:

- the need to educate a workforce;
- the potential threat to the nation's lumber supply;
- the importance of developing the next generation of industry leadership.

Why not face these challenges together?

Because . . .

Chain operator: "The independent dealer runs a small operation and knows little about the sophisticated systems we use."

Because . . .

Independent: "The chains are different. They're strictly price. We offer service and quality."

There's nothing like old-fashioned stereotypes to kill off progress between people.

The extent to which chains and independents share common goals is apparent in the agenda of the

National Lumber and Building Materials Dealers Association, which emerged during the group's annual meeting in Nashville last month.

Education: The need to educate employees is increasingly self-evident and urgent. On Jan. 1, the NLBMDA will implement an accreditation program that will encourage employees' continuing education by rewarding certificates after a certain number of course hours are completed.

The program, designed by Fred Caruso, the staff director of the Mountain States NLBMDA federation member, makes working in a store or yard more professional and could lead to industrywide standards of employee expertise.

Coincidentally, a wholesaler convention came to Nashville the day independent dealers left. The agenda of the National Building Material Distributors Association was highlighted by the group's appointment of an experienced, professional educator to expand and run its continuing education program.

Timber: The lumber dealers established a program called "Retailers for Renewable Resources." According to the NLBMDA lobbyist Mark Gallant, the industry has been ineffective in dealing with efforts to restrict timber harvesting because of environmental considerations.

As a result, he argues, the lumber supply is threatened and prices can only trend upward. The association expects to spend several hundred thousand dollars getting out its message.

Leadership: The NLBMDA's Young Executive Society is developing programs to help prepare its members to assume leadership roles in their companies and the industry.

These initiatives relate to shared concerns of both chain and independent operations and would benefit from the cooperative attention of both groups.

—Ken Schept

COMMENTARY

Home centers: Where's the beef?

Wouldn't it be nice if for once what you wanted and what you got were one in the same?

I recently rented a car that was loaded with all kinds of state-of-the-art goodies. The doors locked automatically (and loudly, to my initial surprise) 30 seconds after the engine was started; the radio sounded as if I was in Macy's stereo department. I could even adjust all the mirrors without so much as having to lean forward.

The car rental companies love to trumpet these extras, as well as low prices and speedy service out of the parking lot. And these are nice. But what I wanted, ultimately, was a car that was comfortable and safe, and most of all, was actually a pleasure to drive. That, apparently, was too much to ask.

What I got handled like hell: no pickup, mushy steering—in short, just no fun to drive, despite all the

fancy gadgets. And I could repeat this complaint, changing only minor details, with many of the other rental cars I've driven lately.

Unfortunately, some home centers I've visited recently also stand guilty of taking the fun out of shopping by not bridging the gap between what's expected and what's delivered.

They are eager to inform you about rock-bottom prices, name-brand products and "friendly" service. But those claims have little to do with why people go into the store in the first place—to find what they want and get out without growing old.

At one store, all the great merchandising and store design didn't help me find the cost of a laundry rack I wanted to buy. Because I know enough about the business to try to track down a sku number, I was finally able to get some satisfaction. But how many average customers will do this?

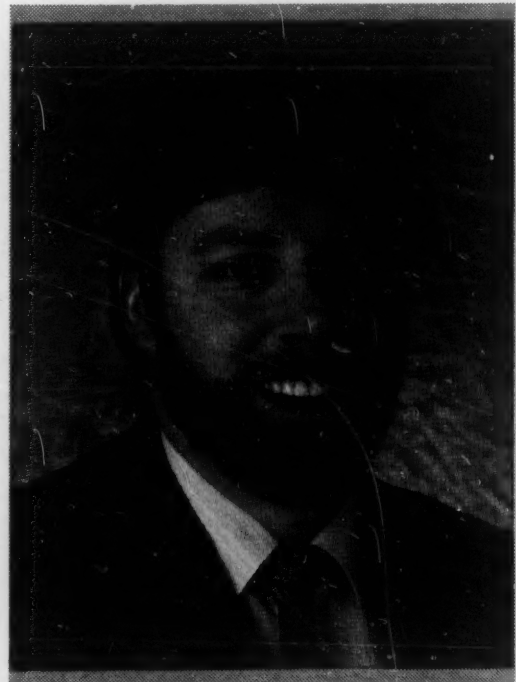
In that very same store, the checkouts were a nightmare, with long lines, listless clerks and angry customers. (For a while, I thought I had accidentally wandered into a K mart.) The final insult came when I paid for my purchase. Even though I stood with hand outstretched, the clerk deposited my change and receipt on the counter. These several small indignities all added up to an unpleasant shopping experience.

Nor was this an isolated experience. At another home center, less than a mile from the one mentioned above, I've stopped asking where items are located because I'm almost always steered to the wrong area. And as I think of it, I have never been approached in either store—both part of major chains—by anyone asking if I needed help.

Serving customers is supposed to be the reason retailers, including home centers, are in business. Part of this service, of course, is to sell merchandise, and dealers employ all kinds of gimmicks and strategies to do this. But for many, the sizzle has become far more important than—and, in some cases, has replaced—the steak, and customers are left starving for service and convenience.

Eventually, all the flashy promotions and jazzed-up stores reach a point of diminishing return. Dealers have to get back to basics, with service on the "A" list, if they expect their customers to be frequent shoppers. All the fancy stuff will do no good if the customers don't walk through the door in the first place. Like the old motto of one car rental firm, home centers have to "try harder."

—Tom Neven



Tom Neven
NHCN Senior Desk Editor

National Home Center News

is published by
LEBHAR-FRIEDMAN INC.
425 Park Ave., New York, NY 10022
212 371-9400
Subscription Services:
(212) 697-2165 or (212) 697-2166
Cable Address: LEBHAFRIED
Fax: 212 838-9487

Publisher **WYATT KASH**
Editor **KENNETH SCHEPT**
Executive Editor **John Caulfield**
Senior Editor **Gary S. Ruderman** (Chicago)
Associate Editors **Elizabeth Brent**, **Tim O'Malley**
Field Editor **Tom Baggarian** (Chicago)
Correspondents **Kenneth Rankin** (Washington) with **Deane Evans**
Senior Desk Editor **Thomas Neven**
Desk Editors **John Paul Uva**, **Laura Realmuto**
Assistant Editor **Micki Nuding**
Art Director **Bob Brokman**
Group Circulation Manager **Ken Turtoro**
Circulation Director **Tara McGowan**
Director of Manufacturing **Stan Kaufman**
Production Manager **Gwendolyn Terrell**
Business Manager **Sandy Tambone**
Ad Manager Classified **Carole Harnoff**
Classified Production Manager **Pauline Smith**
NHCN National Sales Manager **BETSY VENTURA**
NHCN Eastern Area Manager **Tuck Sifers**
List Manager **Vicki White**

Group Publisher **James T. deGraffenreid**

Founder (1900-1981) **Arnold D. Friedman**

President **J. Roger Friedman**
Sr. VP/Group Publisher **James T. deGraffenreid**
VP/Administration **Harry A. Estes**
VP/Publisher **Jay Forbes**
VP/Finance **James Granato**
VP/Human Resources **Richard D. Groberg**
VP/Editorial Director **David Q. Mahler**
Treasurer **Barry Okun**

REGIONAL OFFICES

Boston 1 Gateway Center, Newton, MA 02158,
617-527-6394 Fax: 617-969-3125
Regional Manager **James H. Malver**
Cleveland Summit One Building, 4700 Rockside Road,
Independence, OH 44131, 216-642-3420
Fax: 216-642-1457
Area Manager **Robert Bednar**
Office Manager **Martha MacVean**
Chicago 444 N. Michigan Ave., Chicago, IL 60611,
312-644-8688 Fax: 312-644-3256
Senior Midwest Area Manager **Sid Hybert**
Area Manager **Mark Solak**
Senior Editor **Gary S. Ruderman**
Los Angeles 606 N. Larchmont Blvd., Los Angeles, CA
90004, 213-464-8321 Fax: 213-465-4287
San Francisco 400 Montgomery St., San Francisco, CA
94104, 415-362-2575 Fax: 415-362-0319
Regional Manager **Richard J. Harrigan Jr.**
Washington 17735 Striley Drive, Ashton, MD 20861,
301-774-3895 Fax: 301-570-9090
Manager, Correspondent **Kenneth Rankin**
Japan Diamond-Friedman Ltd., Chain Store Age News, Ja-
pan, 1-4-2 Kasumigaseki, Chiyoda-ku, Tokyo, Japan,
504-6750

ABP BPA The Audit Bureau NPA

Publisher of National Home Center News, Discount Store News, Nation's Restaurant News, Drug Store News, Accounting Today, Chain Store Age Executive (with Shopping Center Age), APPAREL merchandising. Affiliates: Business Guides Inc. (Directories); Lebar-Friedman Books; Inside Retailing (Newsletter); Chain Store Age News, Japan; Largo Music Inc.

Editorial Inquiries

Questions and comments regarding editorial material published in National Home Center News should be directed to the Editor, National Home Center News, 425 Park Ave., New York, NY 10022.

Subscriptions

Call (212) 697-2165 or (212) 697-2166
Having a problem with your subscription? Send us full details, including the mailing label from the last copy you received, along with your telephone number. We'll do everything possible to solve the problem at once. Write to Circulation Fulfillment Director, National Home Center News, 305 Madison Ave., Suite 535, New York, NY 10165-0079.

Permissions

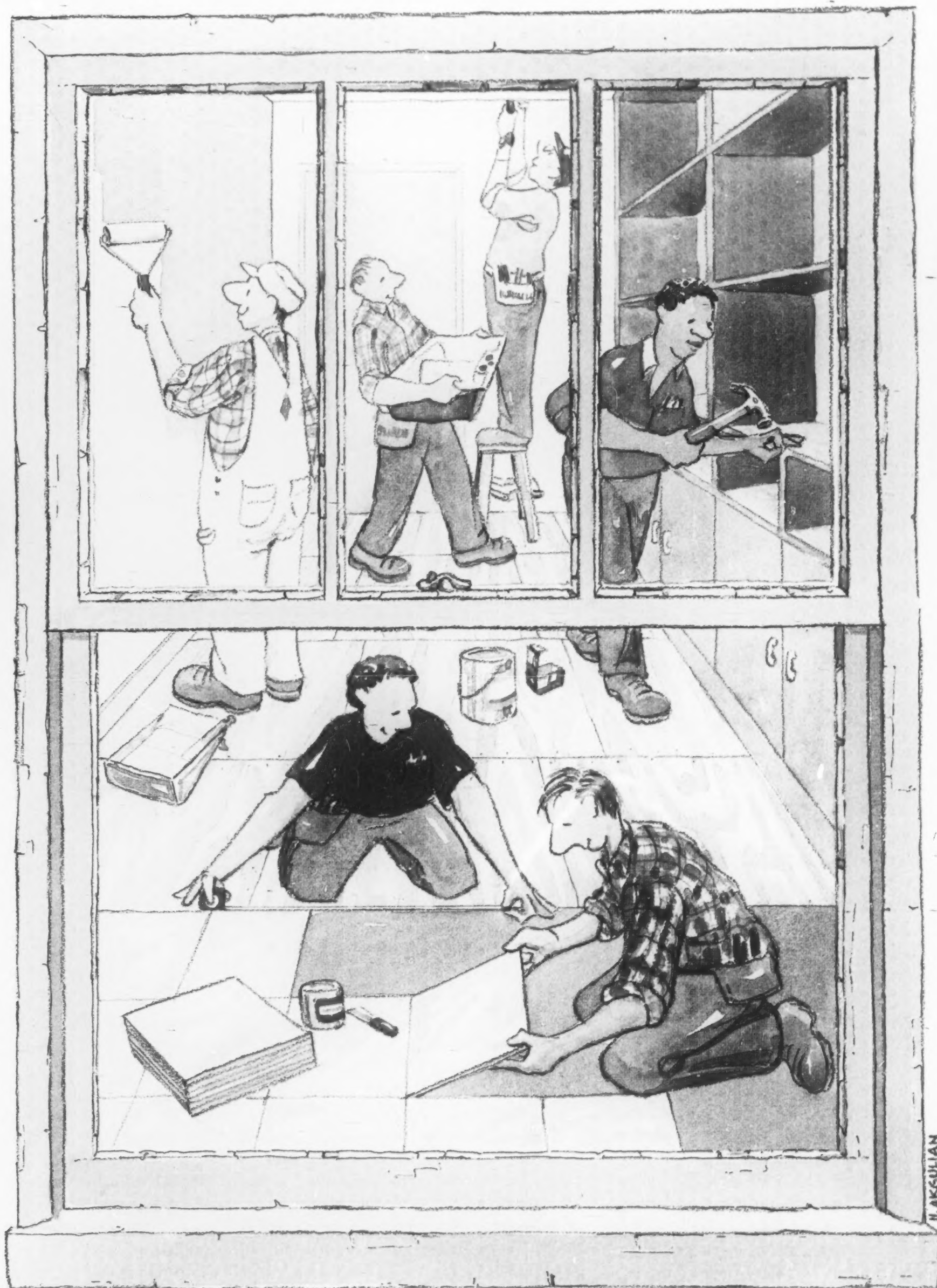
Materials in this publication may not be reproduced in any form without written permission. Requests for permission should be directed to Wyatt Kash, publisher, Lebar-Friedman Inc., 425 Park Ave., New York, NY 10022.



Perspectives

Section 2

Contractors peer inside as remodeling booms



INSIDE

Independents looking for cost saving in new equipment. Dealers want better ways to move materials around their yards.

20

Conference introduces dealers to their future. The Northeast Retail Lumber Association's Data and Information Expo explains computerization to 180 attendees.

21

By John Caulfield

"Rehab is a BIG market and is getting bigger. That is where the future is."

So wrote Michael Sumichrast, former chief economist for the National Association of Home Builders (NAHB), in his monthly newsletter, published Oct. 15.

That's music to the ears of home improvement retailers, who saw expenditures on remodeling pull up to and surpass home building last year, but whose expectations about their stores' increasing sales to remodelers have been based mostly on educated hunches than tracking any market trends.

Now, a blizzard of statistical data has fallen on retailers in recent months that builds a strong case for remodeling as the vital part of the home improvement business right now, whose robust expansion should continue for at least the next five years.

Sumichrast bases his assessment on a rating of

80 markets which found that for every dollar spent on new construction so far in 1989, 40 cents was spent on remodeling. That compares to 35 cents in 1983. Since 1987, the ratio of dollars spent on rehab to new construction has grown 9.7 percent.

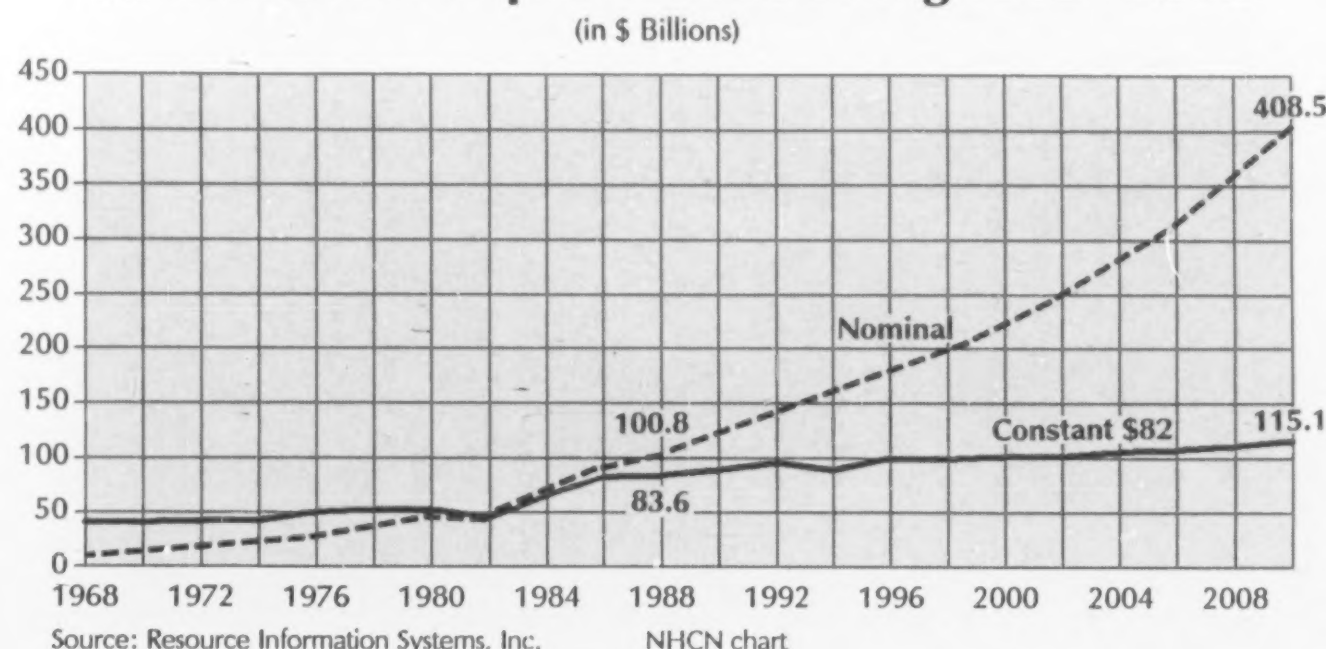
He also quotes Peter Miller, publisher of *Remodeling* magazine, as stating that "We are riding the crest of a remodeling boom and this will clearly continue into the future." In a subsequent interview with *NHCN*, Miller cited a July 1989 Remodeler/Contractor study, conducted by the National Association of the Remodeling Industry (NARI), which found that the median cost for a remodeling project in 1988 was \$11,700. "That's real money," he states.

Miller and other industry experts foresee the remodeling growth trend slowing a bit over the next several years to between 3 and 5 percent annually. But by the mid 1990's, remodeling will be

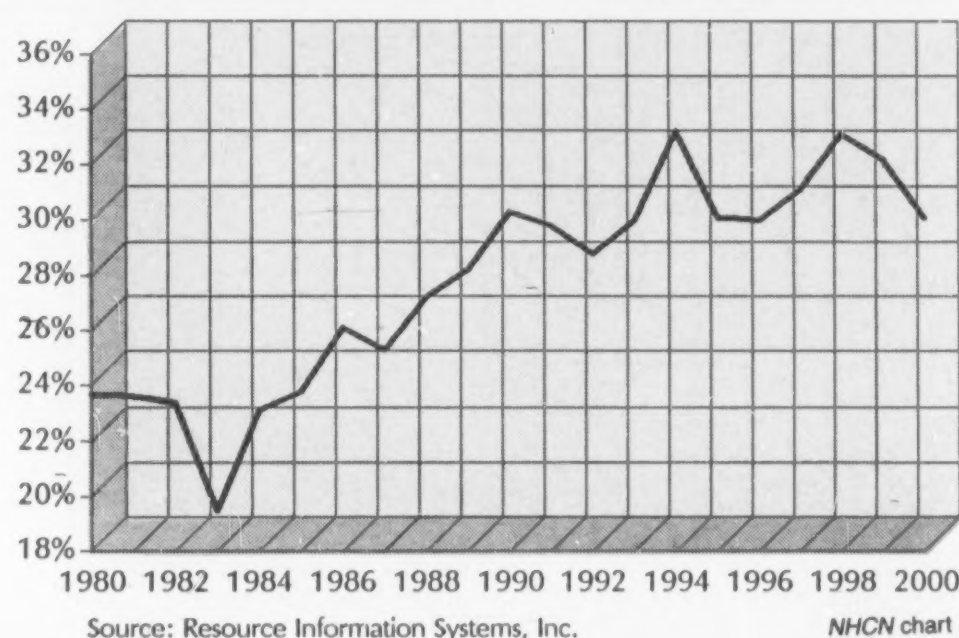
(Continued on page 18)

Perspectives

Nominal & Constant Dollar Expenditures on Residential Repair & Remodeling 1968 - 2010



Repair & Remodeling Share of Softwood Lumber Consumption (%)



In 1987 alone, 24 million windows, 23 million doors, 4.8 billion square feet of roofing, 4.5 billion square feet of insulation, 21 million kitchen cabinets, and 100 million prefinished panels (or 50 percent of total production) were used for remodeling.

An even greater portion of what's made will be used for these projects over the next decade. For example, 36 percent of all structural panels made in the year 2000 will be for remodeling, compared to 32 percent in 1987.

consuming a huge percentage of total commodities production.

By the end of the century, the estimated 16.2 billion board feet of softwood lumber used in remodeling projects will represent 31 percent of total production, compared to 27 percent in 1988 and 23 percent in 1980, according to a study on wood products use in remodeling over the next 20 years, released in September by Resource Information Systems Inc. (RISI), a Massachusetts-based research firm.

That same kind of penetration by remodeling was predicted by RISI into other building products, as the expenditures for all remodeling were targeted to quadruple to an estimated \$408.5 billion in 2010, from \$100.8 billion last year. In inflation-adjusted terms, that growth is equivalent to \$115.1 billion in 2010 from \$83.6 billion last year.

Homeowners involved in project

NARI's information, based on questionnaire responses from 1,108 remodelers, and RISI's two-volume, 900-plus page study based on surveys of 45,000 households, more clearly define who the remodeler is and where remodelers are taking the industry.

The demographics of the remodeler were also scheduled to be revealed when the NAHB presented its National Remodeling/Renova-

tion study to members at the group's first remodeling conference, held in Los Angeles Nov. 9. (NAHB had not completed evaluating its data when NHCN went to press.)

One conclusion these studies draw is that the explosion in the repair and remodeling market runs parallel to the increased activity of the homeowner/consumer in the remodeling project.

The remodeler respondents to the NARI study reported that they typically completed more than five jobs in 1988 where the homeowner did some of the work, and close to three jobs where the homeowner bought his or her own building materials. (In 1988, remodelers averaged a total of 83 jobs, but the more realistic median number was closer to 25 projects.)

— This homeowner involvement has implications for the manufacturer as well. "The wood products industry will need to reposition its product line, marketing and packaging to service a market where the homeowner is increasingly associated with the purchase decision for materials used in R&R projects," reports RISI.

"And as much of the market will be an upgrading market, the demand for a higher-quality, better-looking product also will increase," it states.

Robert Berg, RISI's vp-senior economist/solid wood products, told NHCN that the insinuation into the remodeling project by the consumer could be a very strong plus for home

Using housing permit data on remodeling and costs assembled by the Census Bureau, former NAHB economist Michael Sumichrast illustrates how remodeling expenditures have surpassed home building in many markets.

The relative strengths of the housing markets in Texas and California are shown by how much each market's remodeling expenditures have grown. The chart also corroborates the fact that New England, and Connecticut in particular, remain vibrant remodeling markets.

Over the past several years, expenditures for repair and remodeling have expanded at double-digit annual rates. The reasons for this are as varied as the escalating prices for new homes and land, a tailing off of new home buying, and the "slow growth" legislation in some markets that restricts the number of homes that are available.

Consequently, between 1982 and 1988, remodeling expenditures more than doubled to \$101 billion, and were especially robust in the Northeast, whose percentage of the total grew to more than 27 percent from 21 percent in 1982.

These remodeling expenditures are expected to double again by the year 2000 to \$221 billion (or by 26 percent to \$101 billion when inflation is accounted for). But the bulk of that growth will occur during the early part of the 1990s—and primarily in the North Central and Western states.

RESIDENTIAL CONSTRUCTION vs. REHAB

Number of dollars spent on new residential construction for every dollar spent on rehab

Top 10 Cities	1989	1988	1987
Amarillo, Texas	0.5	0.9	2.0
San Antonio, Texas	0.6	0.5	1.2
Bridgeport, Conn.	0.8	1.1	1.3
Pittsburgh	0.8	1.5	1.8
Birmingham, Ala.	0.9	1.3	2.2
Hartford, Conn.	1.0	1.5	2.4
New Haven, Conn.	1.0	1.6	1.9
New Orleans, La.	1.0	0.9	1.2
San Jose, Calif.	1.0	1.1	1.5
Baton Rouge, La.	1.2	2.0	1.0
Bottom 10 Cities	1989	1988	1987
Jacksonville, Fla.	4.5	3.9	4.6
Phoenix, Ariz.	4.6	5.6	6.5
Indianapolis	4.7	3.9	4.3
Orlando, Fla.	4.9	4.6	3.3
San Diego, Calif.	4.9	7.3	6.3
Seattle	5.2	4.5	4.4
Topeka, Kan.	5.4	3.1	1.6
Fresno, Calif.	6.0	6.1	6.7
Bakersfield, Calif.	6.1	5.0	6.2
Sacramento, Calif.	6.6	6.0	5.7

Source: U.S. Census Bureau, The Sumichrast Report

NHCN chart

centers that already have a cachet with that customer.

Home centers lag with professionals

"Now that the market [for building materials] is consumer driven, the retailer, in a sense, has been one step ahead of the supplier," Berg said. "When I walk into a Somerville Lumber, I can see that company knows its customers; and these home centers, with their phenomenal display of products, know what people want."

Do they know what remodelers want? That's the \$64,000 question and dealers are groping for the answer.

The NARI study found the greatest percentage of its remodeler respondents still buys products at retail lumberyards and building material centers. "The 'home center,' as a retail concept, is perceived by a lot of remodelers as carrying low-grade materials," noted Miller of *Remodeling*.

In California, the biggest home building and retail home improvement market in the country, remodelers still buy mostly through traditional lumberyards, "mostly because they offer credit and delivery," said Jude Niederhofer, president of NARI of southern California and owner of Sauder Exterior Building Products in Orange.

In addition, the home center community continues to send out mixed signals about its members' commitment to the remodeler customer in terms of products and service.

For instance, Lowe's, which formerly depended on contractors for three-fifths of its sales, has been going in the other direction lately, and its newest prototype is decidedly DIY-driven.

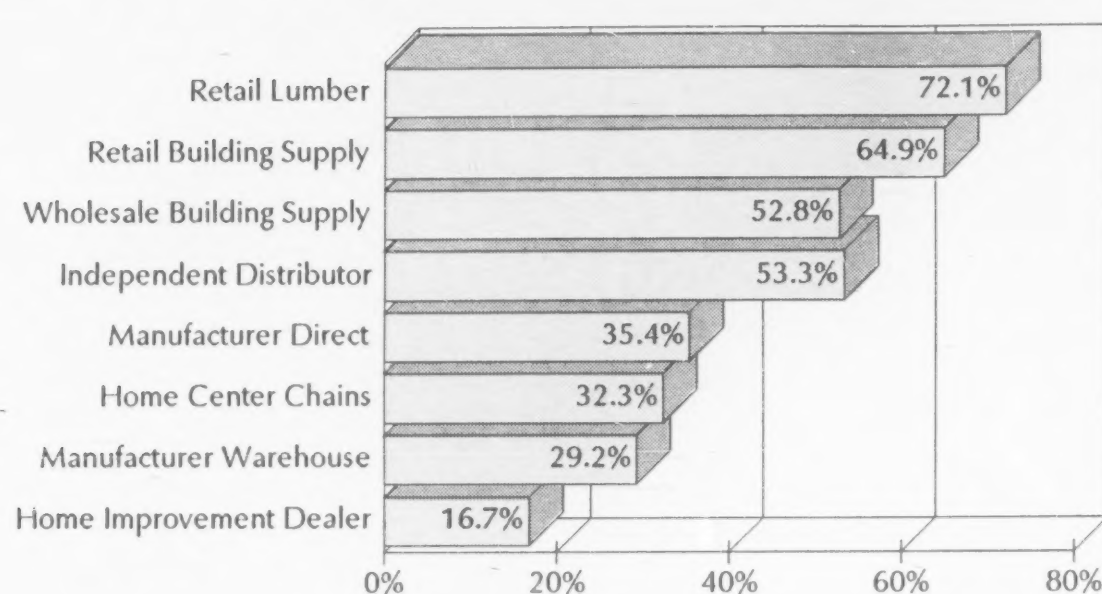
On the other hand, Payless Cashways has done a 180-degree turn towards the contractor over the past year by hiring outside salesmen, developing a commercial/industrial program, and remerchandising many of its departments in its 195 stores with higher-grade products. Home Depot is also said to be aiming at the remodeler.

"The buzzword phrase is 'installed sales,' and many home centers are looking at this," said Miller. "The problem is, though, some have already tried this and flubbed it."

He believes a better way for the home center operator to link his business with the remodeler—and take greater advantage of the remodeling boom while it lasts—is by establishing a Preferred Contractor Program with "legitimate" contractors, of whom Miller estimates there are about 150,000 nationwide.

"What the stores would become is the marketing arm for the remodelers they form business partnerships with," he said. Miller also believed home centers that back these projects with some kind of guarantee offer homeowner customers "a lot more credibility than some of the sleazier 'remodelers' in the market who are operating out of their cars."

Where Remodelers Bought Their Products

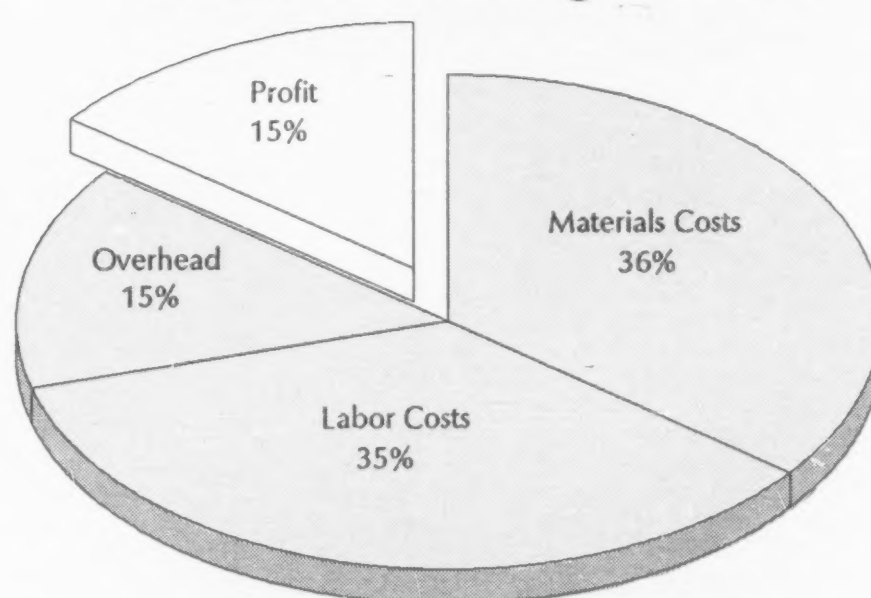


Source: National Association of Remodeling Industry (NARI) NHCN chart

A new study by the National Association of the Remodeling Industry found that a typical remodeler buys from 13 different sources on a regular basis. But professionals still favor independent lumberyards and, surprisingly, wholesalers. One third buy direct from suppliers, and nearly as many purchase goods from home center chains, with another 17 percent buying from independent dealers.

But industry experts describe the market now as consumer-driven, and believe that could put home centers in good stead to get contractors and homeowners into their stores.

Where Remodeling Sales Go



Labor and materials remain the biggest chunks of what remodelers charge for jobs. But more than 1,100 contractors polled by NARI said they typically achieve 15 percent profit from projects.

Source: National Association of Remodeling Industry (NARI)

K & B Top Remodeling Projects

Job	Median no. of jobs	Median sales volume
Kitchen remodeling	3	\$31,800
Bathroom remodeling	3	\$16,500
Patios/porches	3	\$12,000
Complete house renovations	2	\$87,100
Bathroom additions	2	\$18,400
Room additions	2	\$59,600
Finished attic	2	\$19,400
Finished basement	2	\$17,900
Enclosed porch	2	\$11,800
Added garage	2	\$19,300
Second-story additions	1	\$63,900
Other	6	\$45,000

Source: National Assoc. of Remodeling Industry

NHCN chart

The NARI study showed that nearly three-fifths of all remodelers had completed a kitchen remodeling project in 1988, followed by about half who added a room or remodeled a bath, and the 35 percent who built a deck. The median price tag on a kitchen remodeling was \$10,600.

For more information on the remodeling industry, our readers can contact:

The National Association of the Remodeling Industry, 1901 N. Moore St., Arlington, Va. 22209 (703-276-7600)

National Association of Home Builders, 15th & M St., N.W., Washington, D.C. 20005 (202-822-0200)

The Use of Wood Products in Residential Repair and Remodeling Projects: The 1987 Record and the Outlook Through 2010, **Resource Information Systems Inc.**, 110 Great Rd., Bedford, Mass. 01730 (617-271-0030)

For reprints of **Remodeling** magazine's *The 1989 Cost vs. Value Report*, call 800-634-4773.

FOR SALE

In a resale, do homeowners recoup remodeling costs?

National Averages

Project	Job Cost	Resale Value	Cost Recouped
Major Kitchen Remodel	\$20,641	\$18,167	88%
Minor Kitchen Remodel	7,892	6,617	84%
Family Room Addition	31,223	24,327	78%
Bath Remodel	7,568	5,499	73%
Bath Addition	10,151	8,586	85%
Create Master Suite *	21,074	16,620	79%
Sun Room Addition	15,368	9,389	61%
Replace Windows	6,577	3,739	57%
Replace Doors	1,541	655	42%
Replace Siding	7,789	5,776	74%
Deck Addition	5,109	3,447	67%

* Involves combining two existing bedrooms and bath into 355-square-foot master bedroom/bath suite. Includes remodeling existing bath with new fixtures and fittings and whirlpool bath, and addition of walk-in closet and dressing area.

Source: REMODELING Magazine

NHCN chart

Remodeling magazine looked at 40 cities nationwide, and found that payback to homeowners from remodeling projects if they resell their homes is exceptional, and has consistently risen since 1988.

Some specific examples found that in Boston homeowners recoup 100 percent of the \$22,724 cost of a major kitchen remodel upon resale. Chicago homeowners got back 124 percent of a \$43,750 room addition. When a bath is added in Los Angeles, homeowners recapture 134 percent of the \$14,605 cost.

It's not all gravy, though. The return on sunrooms, for instance, is low in all but scattered parts of the country. Virtually nowhere do homeowners get the full value of an exterior door or window replacement back. And for all the activity around deck building, the return, except in L.A., is pretty low.

Nashville gets new home center rival

(Continued from page 1)
armed with wallpaper sample books and Generation 1, a color computer supplied by Behr that shows Nashville's 30 most popular home styles and 30 most popular bedroom settings. The next "Generation" software to come will help shoppers match colors for linens and wallcoverings.

The new Depots present the chain's first stab at appliances such as stoves, refrigerators and dishwashers. Washers and driers will be added to this mix if the test is successful.

The stores also borrow liberally from Mr. Goodbuys' elaborate in-store presentation: There are extensive displays for window treatments and decorative millwork. In the bath department, products supplied by Kohler and American Standard are showcased for special order sale.

Plenty of competition

Home Depot is entering this market of 500,000 people that was identified by other dealers as having "just enough business for everyone" more than two years ago (NHCN, Aug. 10, 1987).

At that time, Central Hardware and Payless Cashways were the new boys on the

block. Homes were priced between \$105,000 and \$250,000. There was news that an auto plant was about to be built.

Leo Crane was starting to bring his hardware/lumber store into the 21st century two years ago. Crane, owner of the second-generation Inglewood Hardware, says he brought the store through 25 years of stewardship "taking it from the mom-and-pop era in the '50s into the 21st century by adding a computer."

Two years ago, Crane was the only Nashville independent fitting the description of a home center that served both DIYers and contractors. Independents here usually cater to professionals and leave consumer sales to the chains.

Six months ago the 46-year-old Crane sold out. The thrill was gone, he said, and the competition too awesome.

Nashville has changed since 1987. Where there was no market for homes under \$70,000 two years ago, today cluster homes sell for between \$65,000 and \$90,000. Because land values are appreciating so quickly, the city is sparse on low-cost land to justify a low-cost home. On the other end, top price for new homes has dropped to about \$100,000.

And now major national competition enters the market. Crane, although retired, admits he can't get the business out of his blood. He still tours all the chains' stores.

He and others believe "Depot," as it's called down here, will probably hit the older, 20,000-square-foot Lowe's across the street the hardest. The North Carolina-based chain has seven stores in Nashville and could reconfigure its presence here by making one or two of its units "contractor-only" operations, or by opening a 60,000-square-foot store as it's done in Chattanooga, Tenn. But Lowe's isn't likely to pull back after 20 years in the market.

Don Davis, Lowe's senior vp-sales, admits that a 20,000-square-foot unit will have trouble competing against a 100,000-square-foot unit. But he believes that Lowe's will be able to rely on its long-term relationship with local customers. "We won't hide tail and run," he said.

Payless bangs up against Home Depot in at least eight markets nationwide, so it knows what to expect. And

the Kansas City, Mo.-based chain has some new merchandising features for residents here, including a new bath department—known as 21st Century Bath and supplied by Eljer Plumbingware—and its expanded emphasis on servicing contractors.

Central Hardware will be going head-to-head with the warehouse chain for the first time, and Crane said he already has seen changes at Central's Gallatin Road unit.

Many older, retired people work there now. They greet shoppers at the front door, pass out shopping carts and sales fliers. Customers constantly encounter employees who offer them assistance. On Halloween, some employees took off Central's orange vests

and donned costumes.

"It's service that will beat Home Depot," observes Crane. Maybe.

Some things haven't changed in Nashville. It is a fickle market. Shoppers will buy drywall one place and buy the screws somewhere else, say dealers here. Top margins rarely exceed 28 percent.

And most of all, according to the head of research at the Nashville Chamber of Commerce, the people in Nashville haven't changed.

Don Belcher of the Chamber says people who move in come primarily from the rural areas. "They grew up with the attitude of doing it yourself versus the people from the dense urban areas" who contract for the work he said.

East Coast Lumber files Chapter 11

(Continued from page 1)
but the leasehold improvements and sale of equipment could realize additional assets, according to Vander Zanden, attorney and partner at McNeill, Taylor and Dolan, which is representing the bankruptcy for the company.

A creditors' committee was appointed at an informal meeting Oct. 12 and was

scheduled to meet Nov. 16 to discuss the reorganization of East Coast.

Among the top 20 trade creditors are Georgia-Pacific; Saxonville Wholesale; DJ, Inc.; Gold Bond; Tibo Lumber; Sherwood Lumber and Emery-Waterhouse.

Officials at East Coast Lumber were unavailable for comment at press time.

National Home Center News (ISSN 0192-6772) is published biweekly, 25 times a year, every other Monday, monthly in December, beginning with the third Monday in January; by Lebhar-Friedman Inc., 425 Park Ave., New York, NY 10022. Subscriptions are available at no charge to qualified retailers and wholesalers of lumber and building supplies and hardware. Paid subscriptions are available to nonqualifying retailers and wholesalers, and to manufacturers and others at \$69 per year in the U.S.; \$79 per year to Canada; \$219 per year to all other countries (air mail only). Group subscriptions available in the U.S. (1-4 copies, \$69; 5-19 copies, \$64; 20 or more copies, \$59). Single rate copy is \$3 except last two May issues, first June issue (Annual Census Issues) \$20 each, \$48 for all three.

Second class postage paid at New York, N.Y., and additional mailing offices. Vol. 15, No. 24, Copyright© 1989 by Lebhar-Friedman Inc. All rights reserved. Postmaster: Please send address changes to Subscription Dept., National Home Center News, 305 Madison Ave., Suite 535, New York, N.Y. 10165-0079. For change of address six weeks is requested. Give old and new address and zip code. If possible, enclose address portion from cover on previous issue.

Vol. 15, No. 24

November 20, 1989

The most profitable products you can sell are ideas and know-how

You can convert a customer's faucet repair into a kitchen remodel, a concrete patching job into a new deck, or a storage project into a room...

Simply capture their imaginations with project ideas, then provide them with the how-to skills. We do both.

Sunset

BOOKS & VIDEO

The most trusted name in d-i-y information

Call 1-800-227-7346/In California 1-800-321-0372

Circle 41 on Reader Service Card

Index of Companies in This Issue

Ace Hardware	22,42	Gold Bond	36,46,48	O'Brien Corp.	38
Ace Hardware & Supply	22	Great Northern Nekeosa	7	Ocean Rim	29
All Industries	24	Gresham Drug	42	Olshan Lumber	36,38
American Brush	29,34	Grossman's	6,29,30	Olympic Paints	30
American Standard	48	Halmar Distributors	5	Owens-Corning	36
Ames Co.	46	Handy Andy	36	Parks Corp.	6
Armstrong	6	Handy City	46	Pay Less	42
Auto-Stak Systems	20	Hardware Wholesalers, Inc.	7,24,29,34,38	Pay Less Northwest	41
Baumrin Bros.	47	Hechinger	5,36,46	Payless Cashways	1,5,18,48
Baumrin Distributors	47	Highland-American	46	Pergament	5
Behr	48	Home Depot	1,5,18,22,48	Peter Kuntz Co.	5
Black & Decker	46	Home Lumber	7	Pic 'N Save	41
Booster Lumber	36	Home Pride Nursery	24	Pintchik	30
Boral	37	Home Quarters Warehouse	5	Pittsburgh Paints	30
Brainerd Co.	24	Housatonic Lumber	21,37	PK Lumber	5
Brand's Inc.	20	HQ Warehouse	22,46	Plasti-Kote Inc.	38
Buck Lumber	36	Hyatt Building Supply	20	Ply-Gem	36
Builders Emporium	29,34	Inglewood Hardware	48	P&M Consumer Products	47
Building Material Distributors	5	ITT Rayonier	5	PRO Hardware	46
Central Hardware	1,36,48	Jamestown Paint and Varnish	38	PWP	36
CertainTeed	36	JGA	36	ROLCO International	5
Chandler Lumber	46	John Hinkley & Son	30	Rossi Building Materials	30
Channel	7,36,47	J. P. Industries	5	Sauder Exterior Building Products	18
Chase-Pittkin	1,46	JPI Modern, Inc.	5	Saxonville Wholesale	48
Chesapeake Hardwood	36	Kentucky Hardware Inc.	7	Schultz, Snyder & Steele Lumber	47
Clorox	30	K mart	41	SCM Chemicals	38
Cooper Tools	42,46	Kohler	48	Scotty's	41
Cotter & Co.	37	Lezzer Lumber	34	Sears	5,6,47
Cox Lumber	5	Louisiana-Pacific	1,5,46	Sequoia Supply	47
Curtis Lumber	21	Lowe's	1,18,22,29,48	Shaw Industries	6
Custom Building Products	38	Lucite	30	Shell Chemical	38
Daymar Distributors	47	M & S Building Supply	20	Sherwin-Williams	38
DJ, Inc.	48	MacMillan Bloedel	47	Sherwood Lumber	48
Domtar	37,46	Majestic Tool	46	Snyder's Drug Stores	42
Dowman Products	38	Manville	36	Somerville Lumber	18
DuPont	38	Meeker's Hardware	7	Stanley Hardware	41,46
Dutch Boy	30,46	Meeks Building Centers	34	Tempo Products	38
E&B Carpet Mills	6	Mid-America	46	Thomas Do-it Center	24
84 Lumber	36	Mill Creek Lumber	24	Tibo Lumber	48
Eljer Plumbingware	48	MiTek Wood Products	8	United Coatings	30
Emery-Waterhouse	48	Modell's	5	Universal Forest Products	7
Erb Lumber	5	Moser Lumber	24	USG Corp.	37,46
Evans Paint	29	Mr. Goodbuys	1,46,48	Valspar Corp.	38
EZ Paints	29,34	Nalcor Inc.	5	Vend America	1
Furman Lumber	1,46	Narco	46	Vendex International	1
GAF	36	National Gypsum	46	Vermont American	46
Gemmen's Inc.	24	National Lock	5	Weslock Corp.	5
Gemstar	36	Newell Cos.	29	Weyerhaeuser	8,36,37,47
Georgia-Pacific	7,36,48	Nichimen American	5	Wickes Cos.	46
Glidden	30,38	Nuway Distributors	5,46	Willamette Industries	7
				Z-Pro	29

Advertisers Index

Boldface denotes reader service number		Knauf Fiber Glass	8, 3	Rubberset Co.	11, 11
Cole Sewell	8, 9	Lane Publications	48, 41	Schlage Lock	24, 23
Croft Metal	25, 25	Larson Manufacturing	42, 38	Waxman Industries	9, 10
Design House	24, 20	Louisiana-Pacific	26,27, 26	Weiser Lock	15, 14
Diamond F. Corp.	38, 33	Macco Adhesives	42, 37	Weyerhaeuser Wood	8, 4
Dutch Boy	2,3,4, 1	Makiki Electronics	8, 7	Whittier Wood Products	38, 35
Eveready Battery	12, 12	Marketware Planogram	8, 5	Woodmark International	8, 6
Glidden & Co.	32,33, 29	Masterchem Industries	22, 18	W.R. Bonsal	43, 40*
Gruppo Ratti Silvio	24, 22	Merillat	31, 55	W.W. Henry	24, 24
GTE Sylvania	15, 13	Moen Group	36,37, 32	Yale Security	41, 36
Handy Store Fixtures	15, 15	National Manufacturing	16, 16		
Honeywell	38, 34	National Store Fixtures	8, 2		
Hunter Company	35, 31	Newell Group	49, 42		
ICL	50, 43	Philips Lighting	24, 21		
Innovative Controls	20,21, 17	Philips Lighting	8, 8		
Keller Industries	42, 39	Quikrete	30, 28		
Keystone Franklin	23, 19	RSG Forest Products	34, 30		
		Rubberset Co.	28, 27		

This index has been compiled for the convenience of our advertisers and readers. While every precaution is taken to prevent mistakes, the publishers cannot be held responsible for errors or omissions.

*Asterisk indicates regional ad.

Central takes on remodeling plan with help of new parent

By an NHCN staff editor

ST. LOUIS — Central Hardware, now under the aegis of its new owner Handy Andy, began an ambitious plan to remodel 25 of its 38 stores within the next 24 months.

James Cohen, central's president, said the remodeling began last week in older stores in St. Peters and St. Charles, Mo., suburbs of St. Louis. The project is aimed at updating older stores.

"We're going to spend a lot of money," said Cohen who would not specify how much it would cost. "We plan to position ourselves as more upscale and more exciting.

"We're going to be more project oriented versus product oriented," Cohen continued, adding there were no immediate plans to change the chain's stockkeeping unit mix.

Central, once owned by St. Louis conglomerate Interco, Inc., was stymied in its efforts to remodel and build new stores while the parent suffered under heavy debt assumed to fight a hostile takeover last year.

Cohen said Central, acquired last year by Illinois-based Handy Andy, will take on a new look. Like its parent, Central will begin adding more point-of-purchase information and story-board headers in product aisles.

The plans call for new color schemes and traffic patterns in the stores, with a new look in promotional endcaps. ♦

Furman, Slaughter Brothers complete consolidation

By an NHCN staff editor

BILLERICA, Mass. — Furman Lumber, the \$300 million lumber and building materials distributor based here, has completed the final phase of a two-year consolidation with Slaughter Brothers in Dallas, Texas.

As of Jan. 1, Slaughter Brothers took on the name Furman Lumber, according to Hawk Furman, the wholesaler's president.

Furman had acquired Slaughter Brothers in December 1987 as part of a nationwide expansion. Slaughter operates as a softwood lumber distributor in the Southeast and Southwest.

The consolidation gives Furman 11 DC's and 12 sales offices in the U.S. ♦

I N D E P E N D E N T

'Lumber Dome' rises from Hugo's ruins

By John Sinisi

CHARLESTON, S.C. — "Houston has its Astrodome, New Orleans its Superdome . . . and now Charleston has the Lumber Dome!"

That's the way the latest ad copy reads from Buck Lumber, a local independent that, after being stricken by Hurricane Hugo, accelerated its plans to enclose its entire 35,000-square-foot drive-through lumberyard.

Owner Edgar Buck, a banker for the 10 years prior to buying the company from C. C. Rhodes in 1975, always had long-term plans to enclose the yard. He was waiting until he had sufficient capital to build it and enough manpower and time to start demolition.

Buck inherited Rhodes' arrangement of a 140x285-foot opened lot, surrounded by a collection of sheds configured in a U-shape, across a 60-foot driveway from the 4,000-square-foot retail and office complex. Five other small, pole-built structures in the yard housed special-order materials. That setup remained unchanged since Rhodes founded the company in 1948.

On September 22, the day after Hurricane Hugo struck Charleston, Eddy Buck walked to his business to find his yard virtually destroyed. All five pole-built structures were gone, sheds had either been blown away or punctured by fallen trees. Over \$250,000 in building materials were lost due to water damage and battering.

"Nature took care of the demolition, and insurance took care of the capital," quips Buck. "At least the store and office remained standing." He notes that Kemper International, Buck Lumber's insurance company, paid for all the damaged material, and agreed to cover the equivalent of 60 percent of the Lumber Dome's cost.

The following Monday, Buck decided he'd commit to the long-term plan. He hired Dawson General Contractors, a local concern, to install a 130x265-foot Pascoe pre-engineered metal panel building to enclose his entire yard, at a cost of about \$450,000.

"Pascoe really expedited things in light of the hurricane," says Allen Dawson, president of the commercial contracting concern. "They diverted components of a building going up in Atlanta so we could complete the Lumber Dome as quickly as possible."



Photo courtesy Buck Lumber

Workers install racks in Buck Lumber's new enclosed yard—know as the "Lumber Dome." The new yard was in business 90 days after Hurricane Hugo destroyed the old yard.

The building went up in seven weeks. With the help of Buck's staff, Dawson spent 10 more days installing roughly \$150,000 worth of solid steel A-frame, double-sided cantilever, and pallet racks, supplied by National Store Fixtures. Within 90 days of the hurricane, Buck was in business.

The finished structure is as impressive as it is unique. The front-end, with an opening big enough for two trucks to drive through, features 12-foot tall, double-sided A-frame display racks of molding, plywood and gypsum, pallet racks with metal products. Across the back wall is an eight-foot high, three-tiered display of lineal lumber.

The center of the yard features four

aisles of double-sided cantilever racks of dimensional and precut lumber.

Buck's goal is to have 100 percent of his commodities inventory in the Lumber Dome. At present, nine-tenths is warehoused there; the remaining, special order material, is in a side shed.

The 1,000-square-foot retail space displays hardlines, and the town's biggest display of Andersen doors and windows.

Now that the Lumber Dome is built, an important consideration is whether it would survive a future hurricane.

Buck seems confident. "It's supposed to be able to withstand 120 mile-per-hour winds when we close up the front," he says. ♦

Former Lloyd pres., Cawley, dies

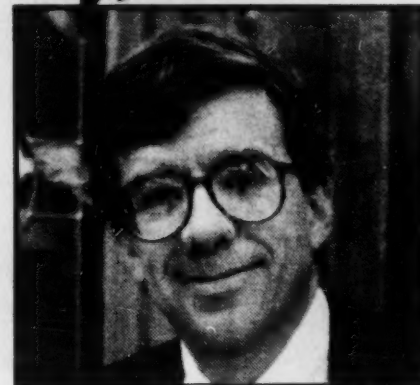
By an NHCN staff editor

NEW YORK — Tom Cawley, the former president of Lloyd Home and Building Centers, died December 20, as a result of cancer.

Cawley, 46, most recently served as merchandise manager of Rickel. He began his home center career with Hechinger, had been gmm of Peter Kuntz and had held various positions at Channel and Mr. How.

"We always maintained a friendship," said former Hechinger executive vp Phil Mansfield. "He was a warm charitable guy who had great enthusiasm and a lot of creative merchandising strength."

Cawley is survived by his wife, Rosalie, and three children. His wife requested that in lieu of flowers donations be sent to the American Cancer Society. ♦



contents

upfront

Rickel introduces new design	1
Desirable Long Island leases on auction	1
Handy Andy opens bargain outlet	1
Northeast Round-up	1
INDEPENDENT: Buck Lumber	2
Michael Lurie named Pergament president	3
Payless DIY dismisses 3 top execs	3
Hugh Byrne retires	3
Lowe's names vp-contractor sales	4
Channel gives store mgrs. more autonomy	4
L.A. lumberyard catches fire	4
NEWSBRIEFS	4

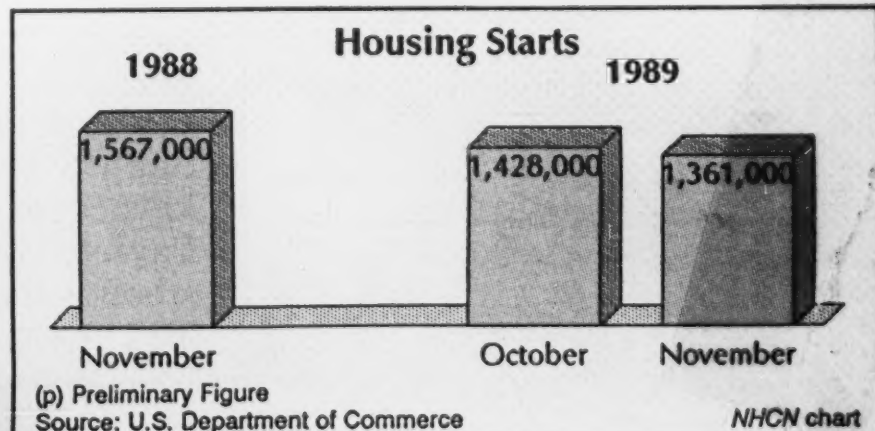


POWER REPORT: Building Materials

Dealers bring on better-grade commodities 17



business watch



BUSINESS WATCH	51
STOCKS	52

Technology helps home centers track the success of promotions

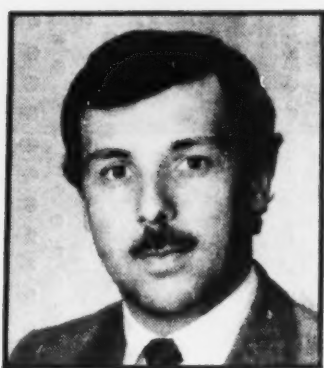
By Jay Scansaroli

When Orchard Supply Hardware wanted to promote its broad selection of insecticides last summer, it featured them in over two million circulars mailed to households in the shopping areas of its 33 stores.

The results were gratifying: Sales increases in the promoted line were close to \$100,000, more than 15 percent higher than usual for the San Jose, Calif.-based chain.

More home centers like Orchard employ advances in point-of-sale technology to track the results of promotions.

POS terminals, scanners and other connecting technologies are yet to be fully exploited for their marketing potential. But most retailers realize that integrating the data gleaned from these technologies is the key to evaluating promotions and planning future ones.



Jay Scansaroli

In many cases, home centers are able to assess a week's sales promotion circular by Monday of the following week.

The most useful information garnered from a promotion such as Orchard's "Bug Busters" campaign is not always which promoted items sold well. Tracking the sales of higher-margin "add-on" items can be more telling.

Orchard spent \$36,000 on radio spots, the circular and store signage to promote the "Bug Busters" campaign. Joe DiRocco, vp-marketing and advertising, explained that Orchard really benefited—at considerably higher margins—when items such as mousetraps and anti-vermin chemicals were pulled along with the insecticide sales.

DiRocco declined to disclose how much Orchard benefited from the "Bug Busters" campaign, but that's not the only point of promotions. "The effect the promotion might have on ongoing sales, the residual value, is arbitrary," he said. "You have to either take that leap of faith or not. We're prone to. If it points to positive ends at all, we will run the promotion again."

Product movement analyzed

Conklin & Strong keeps a close watch on promotions with a detailed computer analysis of product movement for each of its 16 annual circular mailings. This Warwick, N.Y.-based dealer uses its computers to track sales, gross profit, units sold and days-on-sale. Items that are not on sale are tracked as a control, so Conklin can accumulate an on-sale/off-sale comparison.

Conklin & Strong typically mails between 100,000 and 120,000 circulars for a promotion, at a cost of some \$16,000. Promoted items are sold at a wide range of gross margins. Lower cost items may sell at 0 to 4 percent gross margin. An example would be light bulbs, 15 cents a piece, in a recent circular.

Conklin & Strong is further refining its POS promotion tracking. Last year it collected 1,000 customer names and addresses from each of its stores, then handed them over to a compiling house which sorted the names by carrier routes.

With this data, the chain can track product movement by route, then target future circulars to the routes with the best draw. With as many as 50 carrier routes within a single zip code—the traditional parameter for sorting mailing lists—you can see how effective this targeted marketing effort can be.

What add-ons are selling?

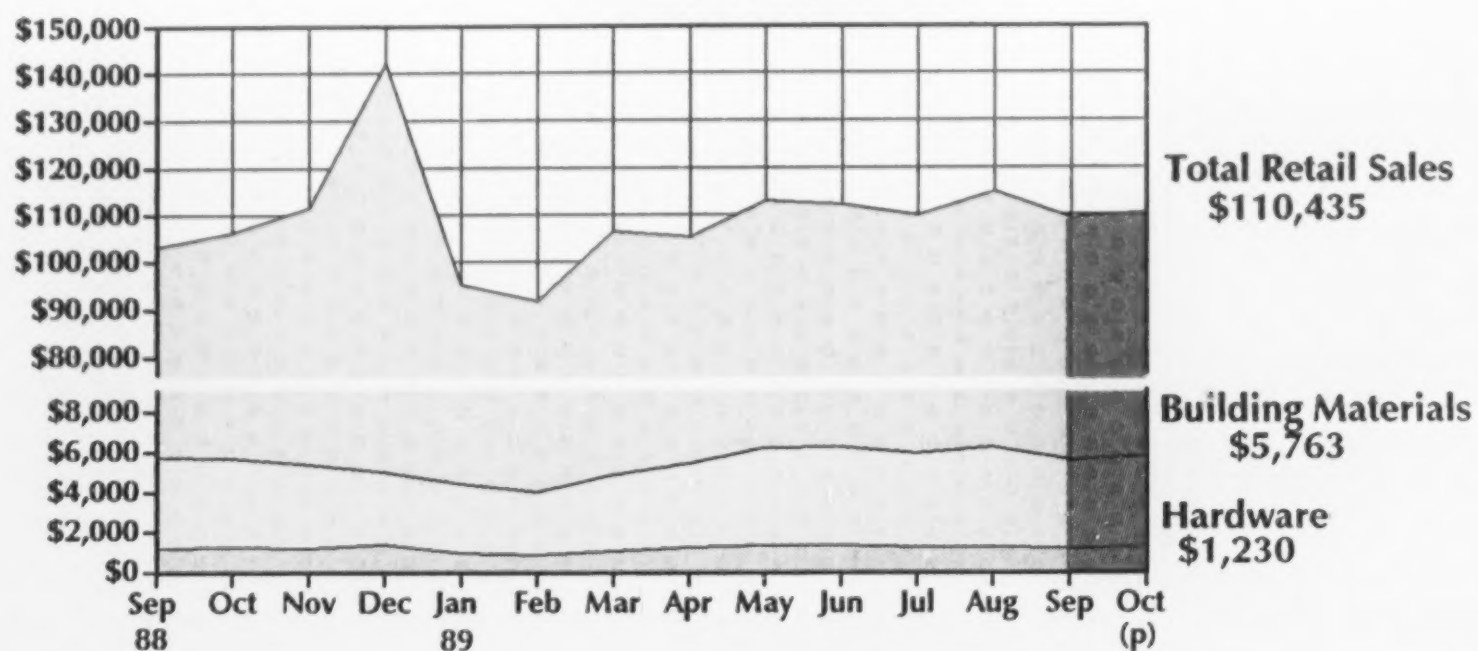
Lowe's, North Carolina-based chain, tracks merchandise during special sales, as well as the prior and following weeks.

Recently, the 300-store company modified its POS software to report peripheral item sales during promotions. Wendell Emerine, executive vp-sales and store operations, describes the results as a "real eye opener."

The computer isolates "naked" items that don't pull "add-on" merchandise. Lowe's has fine-tuned its campaigns to promote products that boost volume from these items. And the chain has been pleasantly surprised by the number of add-on products that surface on sales tickets during promotions. So Lowe's store managers are beefing up in-store stock of the most popular add-ons.

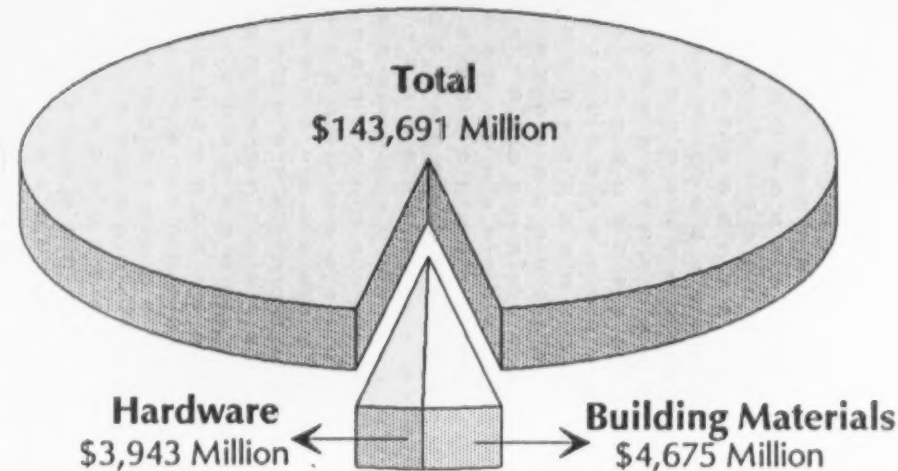
—Jay Scansaroli is a partner with Arthur Andersen & Co., a New York-based accounting and market research firm.

Monthly Retail Sales

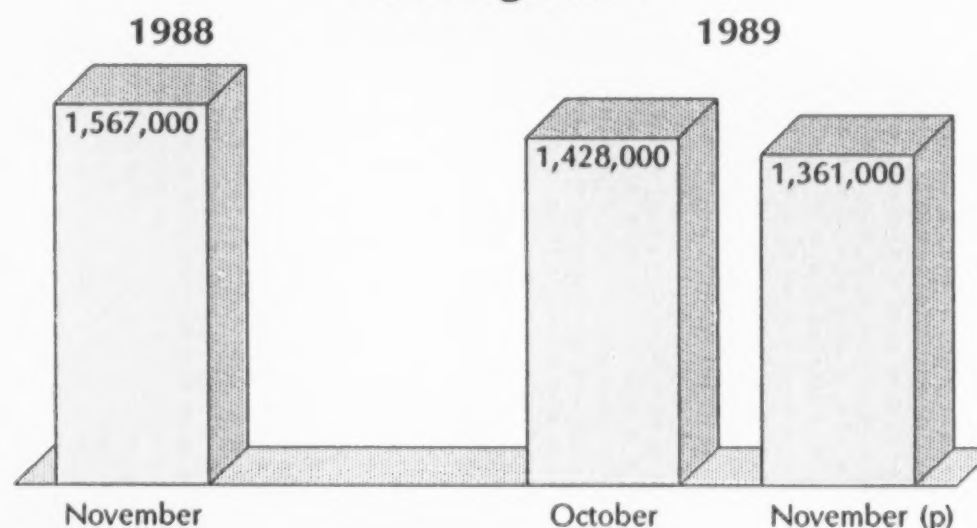


Wholesale Activity

October 1989 (p)



Housing Starts



Housing Affordability

	National Total		By Region (Oct 1989) (p)			
	OCT 1988	OCT 1989 (p)	NE	NW	S	W
Affordability Index Composite*	112.3	106.1	76.1	137.5	107.4	74.1
Median Priced Existing Home	\$88,900	\$92,100	\$143,300	\$70,900	\$83,400	\$142,200
Average Mortgage Rate	9.41%	10.16%	10.19%	10.24%	10.14%	9.93%
Payment as Percentage of Income	22.3%	23.6%	32.9%	18.2%	23.3%	33.7%
Median Family Income	\$31,987	\$33,365	\$37,329	\$33,511	\$30,553	\$35,299
Qualifying Income	\$28,481	\$31,456	\$49,065	\$24,377	\$28,437	\$47,637

*The affordability index is based on the five criteria listed above.

Source: National Association of Realtors

(p) Preliminary Figure

NHCN chart

Lowe's earnings escalate 27.6 percent during third quarter

By an NHCN staff editor

NORTH WILKESBORO, N.C. — Lowe's Cos. saw its earnings for the third quarter jump 27.6 percent to \$20.3 million, and 13 percent to 64.8 million for the nine months ended Oct. 31, 1989.

The 299 stores it operated in this quarter did \$702.7 million in sales, 7.8 percent more than the same period a year ago. For 39 weeks, Lowe's revenues rose 5 percent to \$2.051 billion.

In the latest quarter, the bulk of sales gains came from its retail busi-

ness, which increased 12 percent. Retail now accounts for three-fifths of Lowe's total volume. The chain's contractor business was up only 2 percent.

Sales for the 294 stores that had been opened for one year on Oct. 31 were up 6 percent.

In the latest quarter, Lowe's boosted its gross margins—calculated on a last-in, first-out basis—to 23.96 percent, compared to 23.4 percent in the comparable period in 1988.

Recently Lowe's added 158,000 square feet of new retail space by opening, on Nov. 24, a 65,000-square-foot unit in Rio Hills, Va.; relocating a store in Warner Robins, Ga.; and retrofitting units in Fort Pierce, Fla.; Paducah, Ky.; and Franklin, N.C.

Stocks remain relatively soft

The Market has been relatively soft in recent weeks, and 27 of the 47 home improvement company stocks tracked for NHCN by Media General lost ground in the two weeks ended Dec. 21, 1989.

National Lumber, the California-based operator whose president, Mel Jaffee, recently unveiled major internal changes (NHCN, Dec. 11, 1989), saw its stock price continue to plummet, this period by 27.3 percent to \$1 per share. Strober Organization, the Brooklyn, N.Y.-based operator, also took a big hit, as its stock price fell more than 20 percent to \$2.88.

On the manufacturers' side, Mor-Flo Industries, the water heater supplier, ended the year as volatile as it began, and its per share price fell 14.3 percent to \$4.50. USG's stock dove 12 percent to \$8.38 per share.

The few gainers included Stanley Works, which announced record sales and earnings for fiscal 1989; and Hechinger, despite reported last month a deep drop in its quarterly earnings; and Grossman's, whose November comp-store sales were under 1 percent.

Gainers
15

Unchanged
3

Losers
28

National Home Center News

HOME CENTER MARKET SUMMARY

		STOCK PRICE						VOLUME				EARNINGS/SHARE					P/E	DIVIDENDS			FINANCIAL POSITION							
		Covering The Period 12/08/89 - 12/21/89												Latest 12 Months vs Preceding 12 Months Change		5-Year Annual Growth Rate		Profit Margin	Latest P/E Ratio	Indicated Divd. Rate		Last X-Dvd. Date	Last Fiscal Year		Current Ratio	Last Fiscal Year (Per Share)		Last Balance Sheet Date
Company (Exchange)	Symbol	High	Low	Close	Change		52-Week		Total Volume This Period	% Shrs. Out-standing	Average Daily Vol. Last 52 Week	Average Daily Vol. This Period	Last Fiscal Year	Amt.	Pct	%	%	%	Amt.	Yield	Date	Revenue	Earnings		Long Term Debt	Common Stock Equity		
		\$	\$	\$	\$	%	\$	\$	(100)	%	(100)	(100)	\$	\$	%	%	%	\$	%		\$ Mil	\$ Mil		\$	\$			
Retailers																												
Gen Bldg Prods (O)	GBLD	2.00	1.25	1.25	-25	-16.67	5.00	1.25	362	.91	31	40	-06	-79	N	-100.0	NC	-3	NE	.00	.0	00-00-00	79.3	-2	4.6	5.48	4.01	1188
Grossman's Inc (O)	GROS	4.88	4.63	4.88	.13	2.63	9.75	4.38	13,779	5.27	2,308	1,531	.50	.16	N	33.3	NC	1.2	7.6	.00	.0	00-00-00	1141.6	13.2	1.8	6.15	3.88	1288
Hechinger A (O)	HECHA	12.13	11.50	11.88	.38	3.26	19.63	10.75	10,966	5.36	1,189	1,218	NA	NA	NA	NA	NA	NA	.16	1.3	10-30-89	NA	NA	NA	NA	NA	NA	
Hechinger B (O)	HECHB	12.50	11.75	12.25	-.25	-2.00	19.50	11.50	444	.30	65	49	1.30	-.26	N	-21.0	11	4.8	12.5	.06	.5	10-30-89	1019.4	48.8	3.9	4.95	10.14	0189
Home Depot (N)	HD	35.88	33.38	34.63	-1.25	-3.48	38.38	19.19	17,440	2.29	2,045	1,938	1.00	.34	N	35.4	49	3.8	26.6	.12	.3	11-22-89	1999.5	76.8	1.7	1.45	5.16	0189
Interco (N)	ISS	.75	.31	.56	-.13	-18.18	3.88	.31	17,463	4.55	NC	1,940	1.53	1.53	S	NC	NC	3.5	.4	.00	.0	00-00-00	2012.0	70.1	1.6	52.47	-26.73	0289
K mart Co (N)	KM	35.63	33.88	34.00	-.50	-1.45	44.88	32.50	44,660	2.24	6,581	4,962	4.00	.05	N	1.4	16	2.9	9.3	1.64	4.8	11-10-89	27301.0	803.0	2.0	14.78	25.13	0189
Lowe's Cos (N)	LOW	31.00	28.88	29.50	-1.13	-3.67	32.13	20.25	5,255	1.41	590	584	1.83	.33	N	19.1	4	2.7	14.3	.52	1.8	01-10-90	2516.9	69.2	2.0	5.12	15.80	0189
NHD Stores (O)	NHDI	5.50	5.00	5.00	-.13	-2.44	9.50	5.00	708	5.43	29	79	.79	-.34	N	-45.3	4	1.9	12.2	.00	.0	09-16-86	51.4	1.0	2.1	4.07	7.14	0189
Natl Lumber (O)	NLTB	1.50	1.00	1.00	-.38	-27.27	2.88	1.00	1,040	1.84	42	116	-.82	-.58	N	NE	NC	-3.0	NE	.00	.0	00-00-00	152.0	-4.6	1.2	.21	2.86	0189
Sears, Roebuck (N)	S	38.50	36.50	36.75	-1.25	-3.29	48.13	36.50	60,200	1.67	7,288	6,689	2.40	-1.23	N	-32.0	-8	1.8	14.1	2.00	5.4	11-20-89	50407.8	909.5	.0	26.15	37.75	1288
Std Bld Pnt (N)	SBP	13.50	12.25	12.25	-1.25	-9.26	19.38	12.25	1,218	2.13	299	135	.37	1.00	N	NE	-27	1.2	23.6	.00	.0	08-11-87	304.4	3.7	2.8	28.85	6.65	0189
Strober Organiz (O)	STRB	3.75	2.88	2.88	-.75	-20.69	9.50	2.88	959	1.58	64	107	.64	-.59	N	-80.8	-10	2.8	20.5	.00	.0	00-00-00	140.4	3.9	1.7	1.09	4.93	1288
Wolohan Lumber (O)	WLHN	17.75	16.50	16.50	-1.75	-9.59	24.53	15.00	838	1.29	230	93	1.75	.07	N	4.1	42	4.3	9.2	.25	1.5	11-09-89	257.8	11.2	2.6	4.36	8.20	1288
Wholesalers																												
Hughes Supply (N)	HUG	18.63	18.13	18.38	.25	1.38	21.88	17.25	277	.58	69	31	1.99	-.15	N	-7.6	9	1.9	10.0	.36	2.0	11-06-89	501.9	9.7	3.0	15.72	18.88	0189
Moore-Handley (O)	MHCO	4.63	4.50	4.50	.00	.00	4.75	3.75	444	1.96	20	49	-.17	-.18	N	NE	NC	-5	NE	.20	4.4	10-03-88	99.7	-.5	2.0	3.18	5.98	1288
Manufacturers																												
Am Consum Prods (O)	ACPI	8.00	7.00	7.00	.00	.00	11.00	7.00	403	1.55	32	45	.70	.10	N	14.9	NC	2.3	9.1	.00	.0	06-08-88	78.6	1.8	4.3	7.33	5.40	1288
Am Woodmark (O)	AMWD	7.50	7.13	7.13	-.38	-5.00	13.75	6.38	125	.17	53	14	1.00	-.09	S	-11.8	NC	4.7	10.6	.00	.0	05-24-88	158.1	7.5	2.3	3.65	5.41	0489
Armstrng Wld (N)	ACK	39.13	36.63	37.13	-1.75	-4.50	50.88	33.38	11,685	2.53	2,044	1,298	3.51	.00	N	.0	16	6.1	10.6	1.06	2.9	11-06-89	2680.3	162.7	1.2	4.02	21.73	1288
Black & Decker (N)	BOK	20.88	20.00	20.25	-.13	-.61	25.25	18.13	12,165	2.07	2,798	1,352	.51	-1.14	F	-69.1	-12	9	39.7	.40	2.0	12-04-89	3190.3	30.0	1.7	4.73	12.38	0988
Boise Cascade (N)	BCC	42.63	40.88	42.38	.88	2.11	48.00	39.25	13,782	3.37	1,508	1,531	6.34	.62	N	10.6	40	7.1	6.6	1.52	3.6	12-11-89	4094.6	289.1	1.3	20.59	37.34	1288
Catalina Lghtg (A)	LTG	11.00	9.38	10.88	.25	2.35	15.25	8.63	2,674	5.96	217	297	.41	.23	N	69.7	NC	4.1	19.4	.00	.0	00-00-00	26.9	1.1	1.6	.06	1.52	0988
Champ Intl (N)	CHA	31.00	28.88	29.50	-.88	-2.88	37.75	28.88	33,109	3.50	2,982	3,679	4.80	.34	N	7.7	NC	8.9	6.2	1.10	3.7	12-11-89	5128.5	456.4	1.4	20.00	35.05	1288
Clairston Intl (O)	CLIC	8.63	8.13	8.63	.38	4.55	8.63	2.75	1,590	3.12	206	177	-3.79	-4.34	F	-100.0	NC	-18.5	NE	.00	.0	00-00-00	104.2	-19.3	.7	.75	.06	0988
Cooper Indus (N)	CBE	38.88	36.00	37.75	.25	.67	39.13	26.69	21,016	2.06	2,163	2,335	2.21	.43	N	21.2	20	5.3	15.3	1.00	2.6	12-05-89	4258.3	224.4	1.7	11.54	17.47	1288
DeSoto Inc (N)	DSO	46.50	44.13	44.50	.13	.28	52.50	32.38	1,722	4.26	418	191	.79	-2.89	N	-100.0	NC	.8	NE	.40	.9	12-20-89	402.5	3.2	1.8	12.33	24.29	1288
Georgia Pacific (N)	GP	51.25	46.63	47.00	-3.88	-7.62	62.00	36.63	14,619	1.54	2,518	1,624	4.76	2.45	N	54.7	46	4.9	6.8	1.60	3.4	11-13-89	9509.0	467.0	1.9	26.51	27.79	1288
La Pacific (N)	LPX	42.25	41.25	41.75	.00	.00	42.63	28.00	13,980	3.75	1,066	1,553	4.02	.48	N	12.0	42	8.5	9.3	1.00	2.4	11-09-89	1799.4	153.6	3.3	9.92	30.51	1288
Macmillan Bloedel (O)	MMBLF	15.38	14.75	15.38	.50	3.36	17.88	14.38	1,850	.18	528	206	2.58	-.18	N	-7.4	NC	10.1	6.9	.20	1.3	11-13-89	2743.8	276.4	11.7	1.45	10.86	1288
Manville Co (N)	MVL	10.00	8.50	8.63	-1.25	-12.66	10.50	6.88	4,640	1.18	745	516	.79	.79	F	NC	NC	4.7	10.9	.00	.0	00-00-00	2062.2	96.0	1.7	22.06	7.39	1288
Masco Corp (N)	MAS	25.50	24.00	24.25	-1.00	-3.96	31.13	24.00	22,615	1.45	3,339	2,513	2.10	-.23	N	-11.7	14	11.8	13.9	.52	2.1	01-08-90	2438.6	288.3	3.0	7.30	11.30	1288
Mor-Flo Inds (O)	MORF	5.13	4.50	4.50	-.75	-14.29	7.75	4.50	180	.71	16	20	-1.11	1.05	N	NE	NC	-1.3	NE	.01	.2	12-13-88	218.0	-2.8	1.8	12.85	14.08	1288
Newell Co (N)	NWL	22.00	18.25	22.00	.63	2.92	25.25	12.75	18,641	3.18	1,263	2,071	1.09	.37	N	39.4	25	6.2	16.8	.50	2.3	12-04-89	988.2	61.4	1.7	3.28	5.59	1288
Nortek Inc (N)	NTK	5.50	4.75	5.13	-.38	-6.82	9.75	4.75	3,663	2.62	256	407	.90	-1.11	N	NE	NC	1.1	NE	.10	2.0	12-22-89	1224.2	13.2	2.9	38.65	16.34	1288
Owens Corn (N)	OCF	26.13	24.00	24.13	-1.63	-6.31	36.88	22.25	6,901	1.72	1,225	767	4.71	4.36	N	NC	NC	7.0	5.5	.00	.0	00-00-00	2831.0	197.0	1.2	32.73	-15.18	1288
Ply-Gem (A)	PGI	11.13	11.00	11.00	-.13	-1.12	15.00	10.88	1,256	1.17	215	140	1.41	.03	N	3.1	11	4.1	11.0	.12	1.1	11-13-89	383.7	15.9	4.0	7.71	9.37	1288
Pope & Talbot (N)	POP	26.88	25.63	25.75	-1.00	-3.74	29.75	17.88	1,125	.95	261	125	2.68	1.05	N	41.3	NC	6.2	7.2	.60	2.3	10-24-89	515.0	31.9	1.9	6.24	13.05	1288
Pottlatch Co (N)	PCH	36.25	34.75	36.00	.38	1.05	38.63	29.50	3,858	1.34	378	429	4.04	.86	N	23.0	33	10.4	7.8	1.20	3.3	11-09-89	1084.1	112.4	2.4	13.66	24.97	1288
PPG Inds (N)	PPG	40.50	38.25	40.00	.13	.31	46.00	37.00	13,334	1.15	1,709	1,482	4.26	.02	N	.5	17	8.3	9.5	1.52	3.8	11-06-89	5638.7	467.6	1.5	8.00	20.48	1288
Rep Gypsum (N)	RGC	5.25	5.00	5.00	-.25	-4.76	5.75	4.25	1,022	1.01	63	114	.24	.01	Q	5.0	-29	5.0	23.8	.20	4.0	11-24-89	48.1	2.4	3.6	.90	3.19	0689
Sherwin-Wms (N)	SHW	34.00	31.38	33.63	.13	.37	35.75	25.00	8,268	1.92	977	919	2.30	.17	N	7.3	13	5.2	13.5	.70	2.1	11-13-89	1950.5	101.1	2.0	3.01	13.97	1288
Stanley Works (N)	SWK	39.00	36.13	38.75	2.38	6.53	39.25	27.13	4,040	.94	900	449	2.40	.35	N	15.2	9	5.4	14.6	1.08	2.8	12-04-89	1909.0	103.5	2.7	7.93	16.31	1288
Thos Inds (N)	TII	20.38	19.88	20.25	.25	1.25	20																					

Edgy bankers, vendors cause problems in New England

(Continued from page 1)
"soft economic climate in New England."

"The backbone of the industry, high-tech and defense has done a swan dive, and new factories have gone elsewhere to get lower land costs and more affordable labor," said Sheldon Woolf, president of NHD Stores, based in Stoughton, Mass. NHD's sales in the first nine months rose 9.6 percent to \$40.9 million, but the chain showed a \$63,000 loss.

"There will be no improvement until the banks stop running scared," added Al Akon, manager of operations and general buyer of National Lumber, Newton Falls, Mass. "The banking industry got burned so badly [by] being too generous in the past, and now they're ultraconservative."

Outstanding real estate loans have contributed to the Bank of New England being put up for sale with a reported \$1.5 billion in debt.

It's not just banks that have tightened their credit. Major suppliers are now edgy after East Coast Lumber, a New Hampshire independent, filed for bankruptcy in October.

"We've got double jeopardy here: Not only a bad economy, with the Massachusetts miracle going down the tubes, but legislators trying to raise the sales tax by two percent," lamented Doug Bohannon, general manager and vice president of Mid-Cape Home Centers.

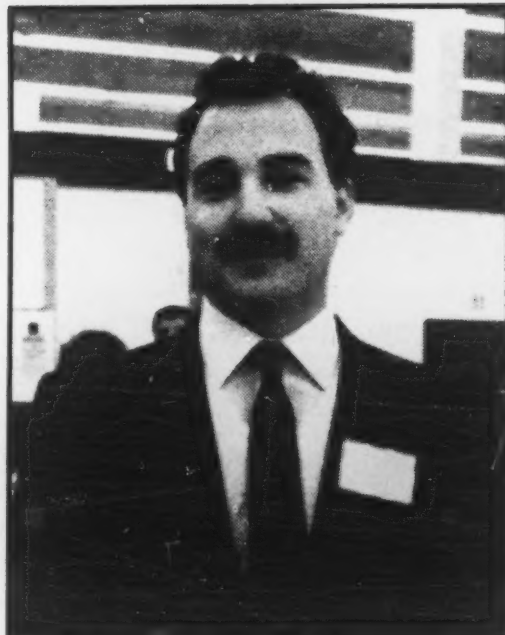
The original increase in the sales tax from five to seven percent was rejected. But dealers expect a one percent rise in the future.

"It will be another nail in the coffin of the border towns," said James Steenbeke, vice president, cfo of Steenbeke & Sons in Boscawen, N.H.

"Even at six percent, it makes a big difference and will take a big chunk of our margins," said Robert Richie, executive vp and chief operating officer at Eastern Lumber.

The single unit is situated in Amesbury, Mass., and conducts one-third of its business with New Hampshire residents who have the option of buying in their home state where there is no sales tax.

The sudden seizure of the economy has forced companies to trim the fat and adjust



David Cohen, president of the New England chain, Somerville Lumber. NHCN photo

their operations. P. F. O'Connor, E. C. Hart, Hancock Lumber, and Mid-Cape Home Centers are typical of many dealers that have trimmed their labor force.

Ironically, other companies added outside salesmen to extend their territories. Hammond Lumber in Belgrade, Maine, has an extra salesman for the new area of Portland, Maine; Douglas Lumber in Smithtown, R.I., will double its outside sales force to four people in 1990.

Lloyd Home & Building Centers, in Danbury, Conn., recently downsized by closing four of its 17 stores in early December. Lloyd's Brewster Lumber units in Pawling and Yorktown, N.Y., were all deemed unprofitable, according to Cynthia Brighton, spokesperson for the chain.

Other companies have tapped new customers to revive sales. Sandwich Lumber in Sandwich, Mass., expanded its tool rental business. E. C. Hart in Maine has broadened its plumbing and electrical categories and is remodeling its second store to attract more retail customers.

Although consolidation is the main trend for 1990 there are some exceptions. Somerville Lumber will open a second store in the Manchester, N.H., market in 1990 and a new store in Salem, Mass.

Independent National Lumber is slated to open its 9,000-square-foot store in Mansfield Mass., this month, and Hammond Lumber ex-

pects its new Auburn, Maine, store to be ready by April.

Gerrity Building Centers, however, is still grappling with the state of Maine for permits to build a 15,000-square-foot retail showroom in Freeport, which it had slated to open in 1990.

Dealers are turning to increased service in their battle for market share, particularly in the light of the new price-sensitive competitors.

Somerville Lumber has the advantage of having its new centralized distribution system and inventory replenishment firmly in place before these new competitors arrive. This year, it beefed up its hardware selection and added an in-house delivery service for its appliance customers.

"Somerville Lumber's strength of business is in people and the awareness of performance built in the market place for many decades. We intend to capitalize on this," said David Cohen, president of Somerville Lumber. ♦

Index of Companies in This Issue

84 Lumber	4	Hammond Lumber	39,61	National Lumber (Calif.)	52
ABC Supply	19	Hancock Lumber	39,61	National Lumber (Mass.)	61
Adel Trading Co.	39	Handy Andy	1,2,18,19,39,59	National Nail	19
A. G. Stanley	3,9	Handy Dan	62	National Store Fixtures	2
All American Home Center	25,28	Hardware Wholesalers, Inc.	28	NHD Stores	61
Andersen Windows	2,25,46	Hechinger	2,9,19,52	Okon	46
Anderson Lumber	34	Hickson Corp.	48	Orchard Supply Hardware	1,51
Bank of New England	61	HOBLO	1,59	Our Own Hardware	3
Bargain Outlet	59	Hoboken Paint Mfg.	3	Owens-Corning	34,39
Baumrin Bros.	4	HoM by Rickel	1	Pacific Lumber	25,28
Best Home Center	28	Home Depot	1,9,10,12,19,22,39,59,62	Paty Lumber	39
Boots	3,9	Home Lumber Do-It Center	34	Payless Cashways	1,25,39
Buck Lumber	2	Home Quarters Warehouse	1	Payless DIY	3,9
Builders Emporium	40,59	HomeClub	12	Pelican Building Centers	4,62
Builders Square	1,4,9,10,19,34,40,59	Homestyle	3	Pergament	3,4,9,19,59
Bunzl Building Materials Group	19	Houseworks!	62	Peter Kuntz	2
Caldor	9	HQ Warehouse	22	P. F. O'Connor	25,61
Cashway Building Centers	19,39	Hughes Supply	19	Quality Millwork	25
Central Hardware	2	Hurd Windows	25,28	Resource Information Systems, Inc.	25,28
CertainTeed	34	IKEA	1	Retail Planning Associates	1
Channel	2,4,39,42,62	Interco	2	Rickel	1,2,10,59
Coast to Coast	1	Keen Reality Consultants, Inc.	9	Robertson Cos.	25
Conklin & Strong	51	Kemper International	2	Roxite Fiberglass	48
Conran's	1	K mart	1,4,9	San Diego Wood Windows	28
Diamond Lumber	19	Lampert Yards	28	Sandwich Lumber	61
DJ, Inc.	19	Landers Building Supply	39	Slaughter Brothers	2
Domtar Gypsum	30,34	Larson Corp.	44	Somerville Lumber	19,39,42,61
Douglas Lumber	61	Levcorn Company	59	Southwest Door Co.	28
East Coast Lumber	61	Lifeline Corp.	44	Stanley Works	52
Eastern Lumber	61	Lloyd Home & Building Centers	2,61	Stanley-Bostitch	46
E. C. Hart	61	Lowe's	4,22,39,51,52,62	Steenbeke & Sons	61
Equitable Capital Management	3	Manville	39	Strober Organization	25,52
Exte Bank	4	Marley Home Care	3	Supermarkets General Corp.	1,59
Fleming Lumber	28	McCormick Place	4	Terry Lumber	4
Forest City	18,59	Meeks Building Centers	30	TSS Department Stores	1,9
Fortunoff	59	Menard's	42	USG Corp.	30,34,40,46,52
Fred & Scott's Lumber	42	Merrill Lynch Capital Partners	3,59	Universal Forest Products	19
Furnam Lumber	2,30	Mid-Cape Home Centers	61	Verdict Research	9
Gambles	3	Midwest Acquisitions	59	Ward White	3
Georgia-Pacific	19	Moore's	40	West Building Materials	22,39
Gerrity Building Centers	61	Mor-Flo Industries	52	Westlake Hardware	59
Gold Bond	30,34	Mr. Goodbuys	3,22,25,40	Wicks Lumber	3,19,30
Goldblatt Tool	44	Mr. HOW	2,18	Zayre	1
Grossman's	1,19,52,59	National Gypsum	30		

Advertisers Index

Boldface denotes reader service number	Knauf Fiber Glass	44,46,30,32	Rubberset	53,39
American Tool Co.	Lane Publications	61,41	Ruvo Automation Corp.	44,29
Andersen Corp.	Larson Mfg.	43,27	Vance Publishing	28,17
Arax	Lee/Rowan Corp.	22,13	Waxman Industries	5,2
Bemis Mfg.	Louisiana-Pacific	32,33,21	WD-40	11,8
Celotex Corp.	Macco	47,33	Weiser Lock	6,3
CertainTeed Corp.	Makiki Electronics	9,7	Weyerhaeuser Wood	48,37
Colorite Plastics	Manville Building Materials	36,37,24	W.R. Bonsal	24,1
Diamond F Corp.	Merillat	49,55	W.W. Henry	48,34
Dutch Boy	Minwax Co.	63,42		
Glidden	M.W. Mfg.	13,9		
Gruppo Ratti Silvio	National Mfg.	20,21,12		
Hunter Co.	National Store Fixtures	9,4		
ICL	Owens-Corning	28,27,18		
Idaho Timber Corp.	Pak Mix	31,20		
Keystone Franklin	Price Pfister	35,23		
	Rainbird	24,15		

* Denotes regional advertisement

This index has been compiled for the convenience of our advertisers and readers. While every precaution is taken to prevent mistakes, the publishers cannot be held responsible for errors or omissions.

National Home Center News (ISSN 0192-6772) is published biweekly, 25 times a year, every other Monday, monthly in December, beginning with the third Monday in January; by Lebhar-Friedman Inc., 425 Park Ave., New York, NY 10022. Subscriptions are available at no charge to qualified retailers and wholesalers of lumber and building supplies and hardware. Paid subscriptions are available to nonqualifying retailers and wholesalers, and to manufacturers and others at \$69 per year in the U.S.; \$79 per year to Canada; \$219 per year to all other countries (air mail only). Group subscriptions available in the U.S. (1-4 copies, \$69; 5-19 copies, \$64; 20 or more copies, \$59). Single rate copy is \$3 except last two May issues, first June issue (Annual Census Issues) \$20 each, \$48 for all three.

Second class postage paid at New York, N.Y., and additional mailing offices. Vol. 16, No. 1, Copyright© 1990 by Lebhar-Friedman Inc. All rights reserved. Postmaster: Please send address changes to Subscription Dept., National Home Center News, 305 Madison Ave., Suite 535, New York, N.Y. 10165-0079. For change of address six weeks is requested. Give old and new address and zip code. If possible, enclose address portion from cover on previous issue.

Vol. 16, No. 1

January 8, 1990

The most profitable products you can sell are ideas and know-how

You can convert a customer's faucet repair into a kitchen remodel, a concrete patching job into a new deck, or a storage project into a room...

Simply capture their imaginations with project ideas, then provide them with the how-to skills. We do both.

Sunset

BOOKS & VIDEO

The most trusted name in d-i-y information

Call 1-800-227-7346/In California 1-800-321-0372

Circle 41 on Reader Service Card

National Home Center News

SECOND CLASS

Vol. 16, No. 2 S3 a copy The newspaper for retailers serving homeowners and contractors. Published by Lebhar-Friedman Inc. January 22, 1990

Pay 'N Pak rethinks merchandising strategy

Chain looking to stop drift toward home fashions

By Elizabeth Brent

KENT, Wash. — Pay 'N Pak is changing its merchandising strategy to focus on the core categories of plumbing, electricals, kitchen and bath.

It will reduce its furniture selection—once one of the main departments in its stores—and stock just domestic lines; continue housewares only as an integral part of kitchen and bath; and eliminate commodity lumber and building materials.

"We have drifted away from our core business," said John Markley, chairman of the board and chief executive officer who joined the company in August. "In the future we will merchandise and market our inherent strengths."

In addition, Pay 'N Pak is overhauling its operations and will spend \$8 million over the next two years installing its first point-of-sale system.

New management

In the last few months it has gathered a team of executives to oversee these plans.

Rich Matthews joined as the new senior vp of MIS, Doug Haskins as senior vp-operations, and Doug Kramer as director of store systems. Matthews comes from Builders Emporium, Haskins from Builders Square and Kramer from HomeClub.

It also hired two data processing consultants: Mike

(Continued on page 6)



Pay 'N Pak will continue its strong focus on K&B while beefing up its plumbing and electricals departments. NHCN photo

Lampert to add largest unit as part of chainwide facelift

By Tom Bagsarian

ST. PAUL, Minn. — Lampert Lumber is attempting to heat up sales in these frigid parts by unveiling a three-year, \$6.4 million capital spending program which includes opening its largest store this summer.

Another 26 of Lampert's 38 units will be upgraded with new fixtures and displays, according to company president F. Joseph Hayes.

The chain will also add specialty products to its merchandise mix, though it also intends to do business with fewer vendors in the future.

The new 42,000-square-foot store is slated to open in July about 75 miles northwest of Duluth, in Grand Rapids, Minn. It will replace an existing 7,000-square-foot unit there.

There will be 18,000 square feet of retail area under one roof with warehouse space taking up the remainder.

This store is in stark contrast to the chain's other units which average 10,000 square feet in size. The new store will be a "re-

(Continued on page 50)



F. Joseph Hayes



THE GARBAGE CRISIS

Few suppliers are offering recyclable packaging

By Tom Neven

NATIONAL REPORT — If the 1967 movie "The Graduate" had a sequel in 1990, the one-word advice Dustin Hoffman gets about his future career would change from "plastics" to "recyclables."

Or, more specifically, "environmentally safe packaging," the latest hot topic in the world of garbage disposal and landfills.

So far, though, most manufacturers in the home improvement industry haven't seen the future.

"Recycling is not really a businessman's issue," said Mel Waxman, chairman of Waxman Industries, the Cleveland supplier of carded plumbing and electricals. "It's a government issue. After all, where's the payback on it?"

Such bottom-line thinking runs throughout all sectors of U.S. business. Manufacturers recently have jumped—or more likely, been

pushed—onto the safe-product bandwagon, mostly in reaction to consumer fears or government mandates.

But only now are people awakening to the so-called "Garbage Crisis," a problem more readily evident to the average consumer than a damaged ozone layer or minuscule warming of global temperatures. The crisis is a result not

so much of product, but what that product is packaged in.

And reacting to this problem can allow manufacturers not only to be good citizens, but to reap marketing windfalls

from more aware consumers. Recycling can have a positive affect on the bottom line.

Both Wal-Mart and K mart have announced plans to highlight products in their stores that are "guaranteed not to last," to quote from Wal-Mart's full-page ad in the *Wall Street Journal* last fall.

(Continued on page 11)

One supplier likens attitudes toward recycling to those on bar coding a decade ago.

For the newest Home Center Hall of Fame inductees, see page 3

Former Pay 'N Pak chairman to open new home center

By an NHCN staff editor

KENT, Wash. — Eagle Hardware and Garden, a new home improvement company founded by David J. Heerensperger, is seeking sites in the Puget Sound area. If it's successful, the company will compete directly with Pay 'N Pak, the home center chain where Heerensperger was chairman.

Eagle, which was founded on Dec. 4, plans to develop a chain of full-line home centers in the Pacific Northwest, with stores of between 80,000 and 100,000 square feet. This is considerably larger than either the Ernst Home & Nursery or Pay 'N Pak stores in the market.

Both Heerensperger and his son Sam, who is Eagle's vice president, were unavailable for comment because they were traveling outside the U.S.

However, an official at Pay 'N Pak confirmed that Heerensperger negotiated to have the non-compete clause removed from his contract when he retired from the chain last August.

During Heerensperger's time at Pay 'N Pak, the company looked into the possible acquisition of Orchard Supply Hardware, the San Jose, Calif.-based chain which specializes in hardware and offers 50,000 stockkeeping units with a heavy focus on lawn and garden.

An industry source suggested that some of these concepts may be incorporated into Eagle, although this could not be confirmed with Heerensperger.

Williams Bros.' parent launches wholesale lumber co.

By an NHCN staff editor

ATLANTA — The parent of the Williams Brothers chain here has created a new company, Georgia Wholesale Lumber, out of a sawmill operation that was formerly part of the lumber group.

Georgia Wholesale, based 35 miles east of here in Covington, Ga., will continue selling yellow pine in the Southeast. The only difference is that trucks will no longer bear the Williams Brothers name and corporate logo.

The sawmill produces 30 million board feet of lumber annually, said

(Continued on page 49)

I N D E P E N D E N T

N.J. dealer fearless in face of Depot opening

By an NHCN staff editor

OLD BRIDGE, N.J. — Blackstone Co., a three-store dealer based in nearby East Brunswick, runs a store here that has a pretty good view of the construction site for a new Home Depot going up across the highway on U.S. Route 9.

For most independents, that vantage would be pretty unnerving. But ask store manager Dave Barrett about being overshadowed by the giant warehouse chain and he'll smile and respond casually:

"Home Depot's a real good operation. They've got sharp pricing and knowledgeable sales help." End of comment.

Dave McDermott, who runs Blackstone's lumber operations and who's credited with taking Blackstone lumberyard sales from a little over \$1 million in 1982 to a current \$45 million from five divisions, elaborates:

"We are a lumberyard, not a home center. We know what our strengths are and we intend to stick with those."

Five divisions

Actually, Blackstone is more than just a lumberyard.

The lumber division, which specializes in sales of finished and raw building materials, hardware, DIY project-oriented products, and power and pneumatic tools, operates three yards: in Metuchen (called Metuchen Lumber), South Brunswick, and Old Bridge. The millwork division, the company's original unit, is at the East Brunswick home office.

A stair division is across the street from the home office, and a kitchen division is in the South Brunswick yard. Blackstone also owns Ideal Co., a milling operation in Waco, Texas, that makes Ideal doors and windows distributed throughout the U.S.

These divisions serve as the marketing "tools" president and owner Bill Schwartz offers his energetic management team. It's up to McDermott and his counterparts at the other divisions to use the tools to serve Blackstone customers in every facet of their project.

"In many respects, each of the division managers is in business for himself," Schwartz explains. "The home



NHCN photo

Manager Dave Barrett says Blackstone will stick to its strengths, which are in lumber.

office provides an overview, an overriding philosophy."

Which is? "Never forget who we are," Schwartz says. "We're a builder" (Continued on page 49)

Fagen's buys N.C. independent

Carolinas key to chain's Sunbelt expansion plans

By an NHCN staff editor

VERONA, Pa. — The cautious expansion by Fagen's chain here into the Sunbelt continues with its purchase of the retail division of Morrison Brothers, an independent based in Harrisburg, N.C.

Fagen's also bought certain of Morrison's milling operations.

The purchase price is undisclosed, but president Jack Fagen confirms that Morrison was doing roughly \$12 million in sales of building supplies and milled products.

Former owner Hugh Morrison says he had no intentions of selling the lumberyard portion of his business until Fagen popped in on him one day. "We were looking specifically at moving into North Carolina, and his name came up in conversation," Fagen re-



NHCN photo

Jack Fagen

counts.

Fagen had heard that Morrison—who was running the lumberyard his grandfather established in 1921 and trying to grow a millwork and wholesale business that he created in 1976 as well—wanted to spend more time working the newer operation.

"We had some other things we wanted to do, and he was really persuasive," says Morrison. "He convinced us that selling the yard was a way to go."

Specifically, Fagen has purchased all of Morrison's eight-acre lumberyard and building materials retail facility that encompasses a four-acre yard and a 100,000-square-foot enclosed space: Thirteen thousand square feet are for selling space and about 43,000 square feet are devoted to milling and manufacturing windows and to hanging doors from outside suppliers (businesses which Fagen also purchased). The remainder is warehouse storage.

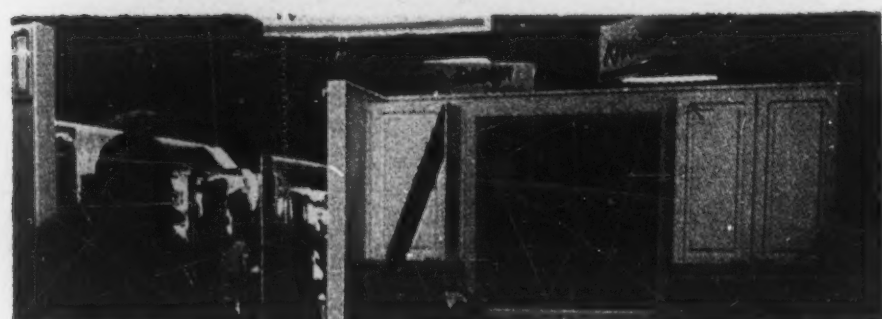
The building supply division caters to mostly contractors, and carries some 800 accounts, all of which should be picked up by Fagen, according to Morrison. Fagen intends to run the store under the Morrison Brothers name.

Morrison has taken the proceeds from this sale and ploughed them into his mill and wholesale operation, Morrison Millworks Inc., now located in Concord, N.C. The company is a

(Continued on page 50)

contents

buying & selling



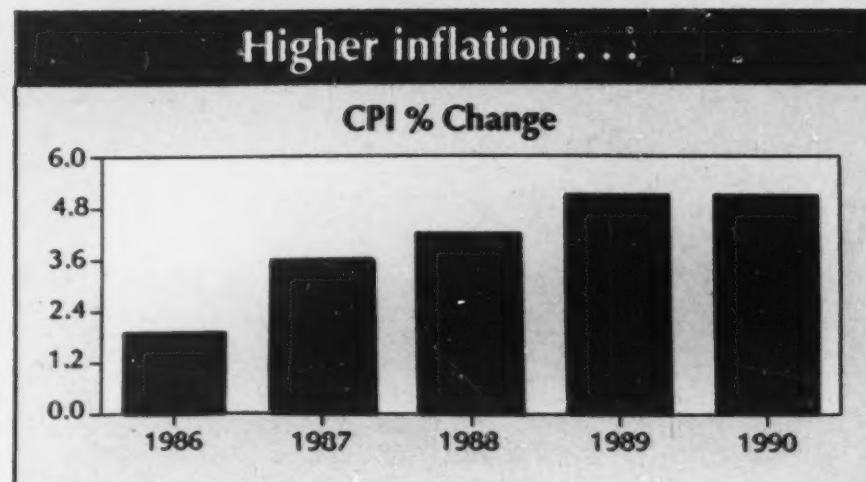
Dealers update cabinet displays to keep pace with trendy market 19
Vainities go upscale as demand for amenities rises 19
Lumber Report 23
Merchandising Digest 24
New Products 19,28,30

perspectives



Technology advances loss prevention 33
Human touch not just high-tech is needed for loss prevention 34
NHD awards its 'All Stars' who go the extra mile to help customers 38

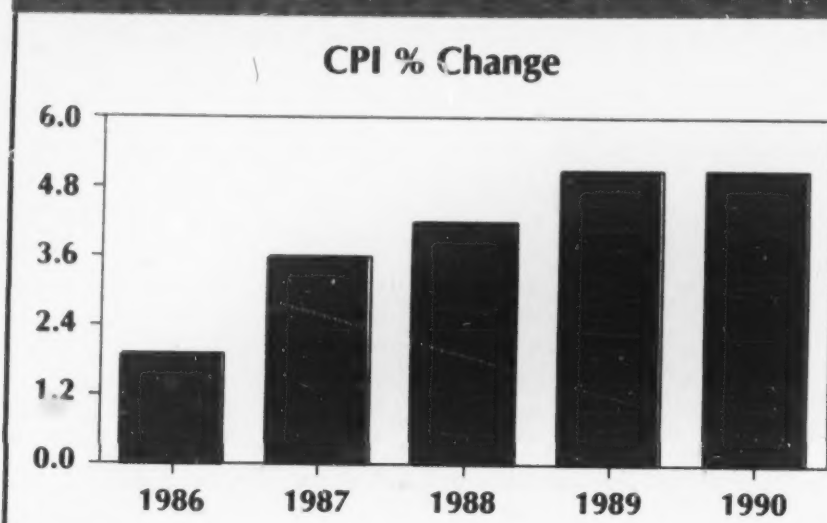
business watch



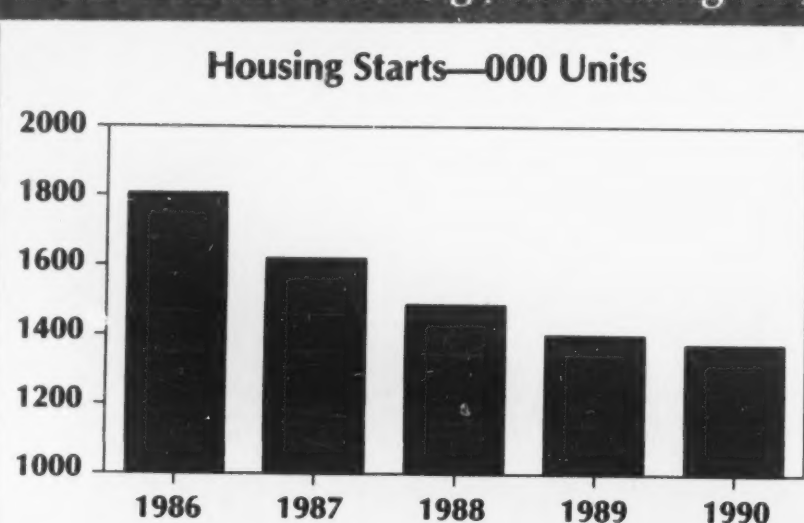
BUSINESS WATCH 41
STOCKS 42

business watch

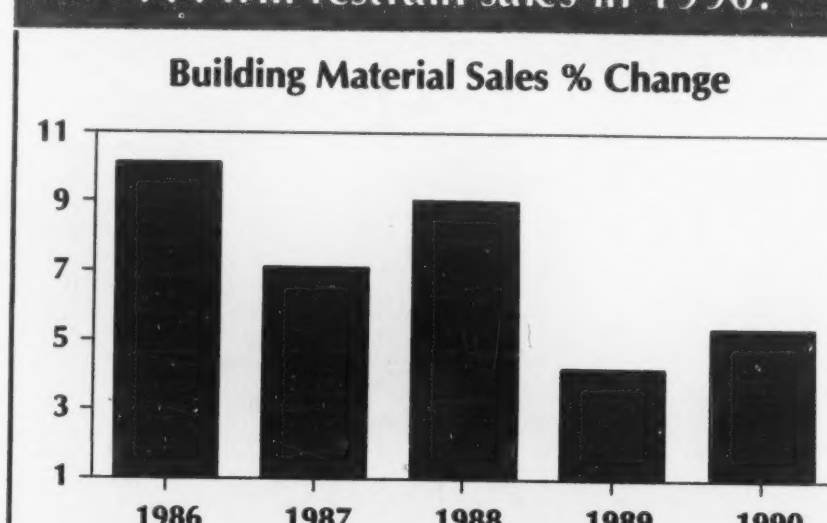
Higher inflation ...



... with little change in housing ...



... will restrain sales in 1990.



1990 building material sales will top last year's by 1.2 percent

By Richard E. Mount
Special to NHCN

Building material sales are likely to rise 5.4 percent in 1990, somewhat stronger than the 4.2 percent estimated gain for 1989. Adjusted for expected price increases, unit sales would be up 1.3 percent this year after a 0.5 percent rise in 1989.

The overall economy faces slower growth this year than last—GNP will be up only 2 percent after a 3 percent

rise in 1989. Capital spending, exports, defense spending, auto sales, and state and local expenditures will likely have lower gains.

Inflation is not out of control, but many tight labor markets are

keeping wage pressures up. The rise in the dollar since the beginning of 1989 will raise the price of imports. The consumer price index is, therefore, apt to be up about 5.1 percent in 1990, the same rate as in 1989, in spite of the slower growth in GNP.

This slower GNP growth combined with a continuation in inflation will put the Federal Reserve in a dilemma—to increase interest rates to stimulate the economy or to tighten credit to fight inflation. Rates will most likely change little in the first half of 1990, but decrease slightly in the second.

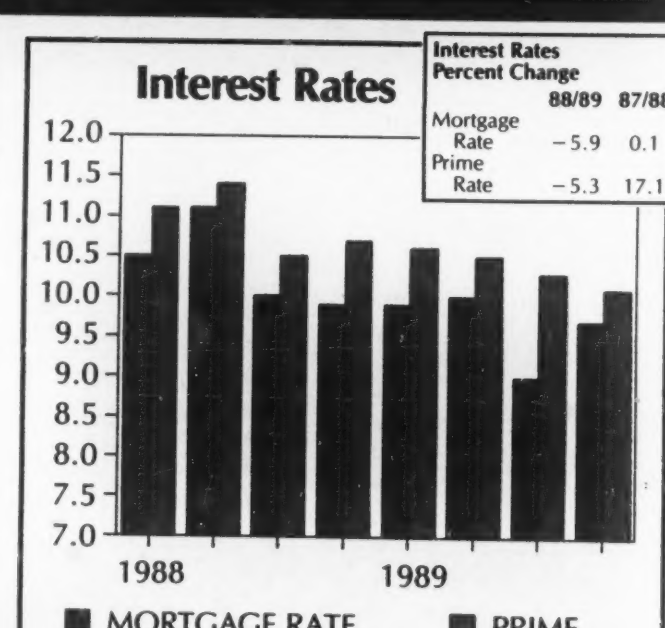
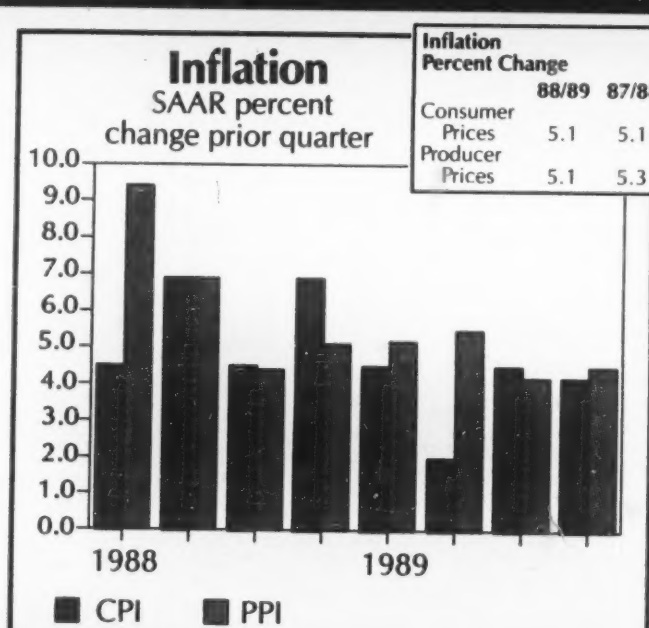
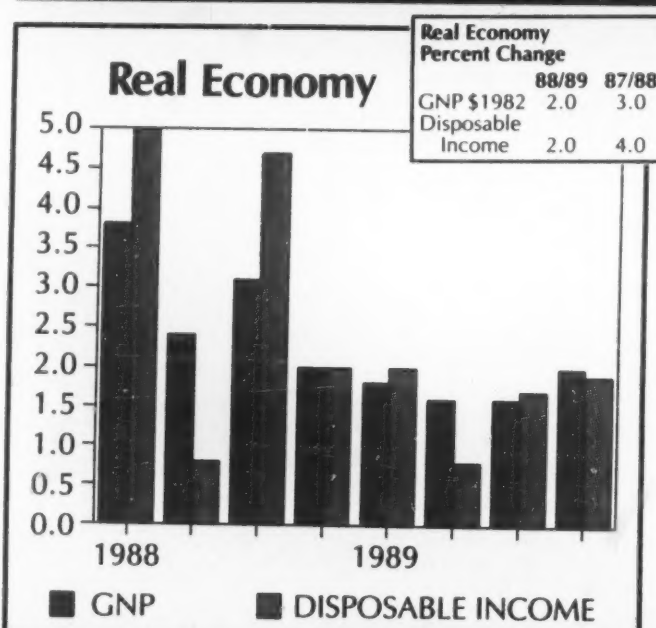
Slow growth in income, combined with little change in mortgage rates, will pressure housing, but not as much as in 1989.

Last year starts were off 6 percent; this year they are likely to be down only 2 percent. Single units, in particular, will respond to the changes in mortgage rates and income. Multi-units are still adjusting to past overbuilding and should remain soft during the first half of the year.

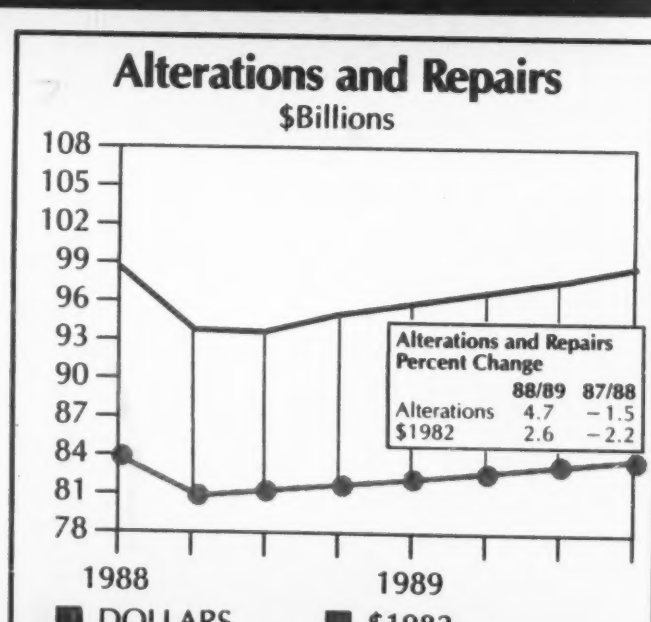
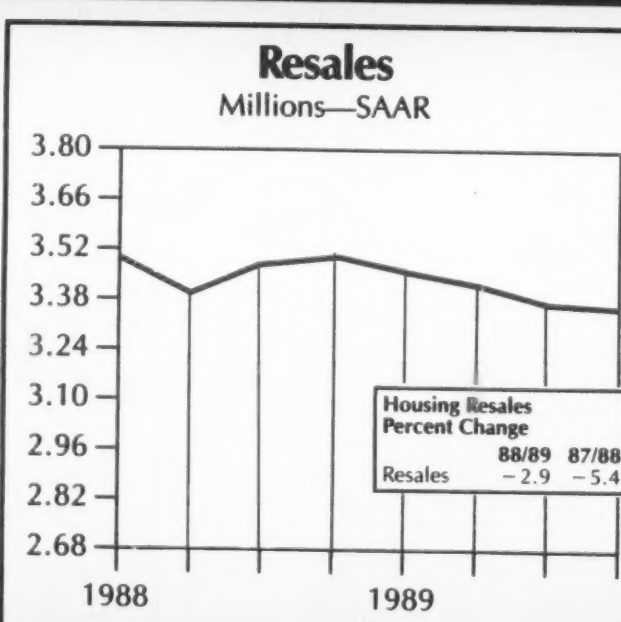
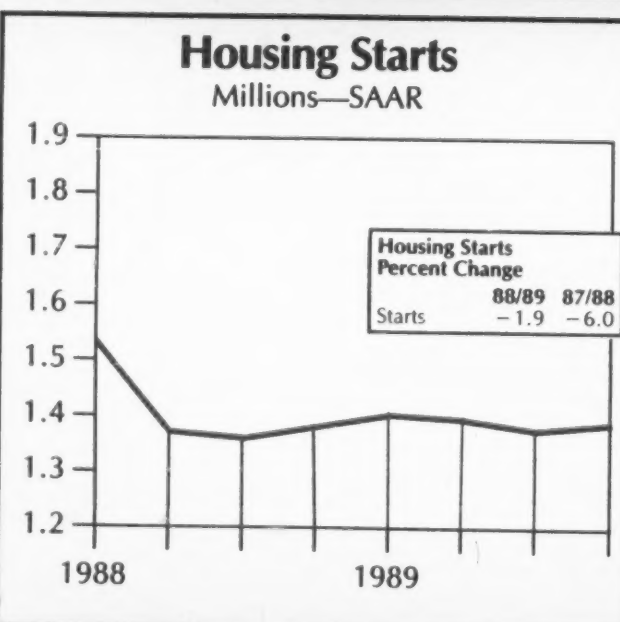
Given these factors, the upkeep and improvement of existing homes will be a stronger market for building material retailers than new housing.

Richard Mount is president and chief economist with Mount Economic Consulting.

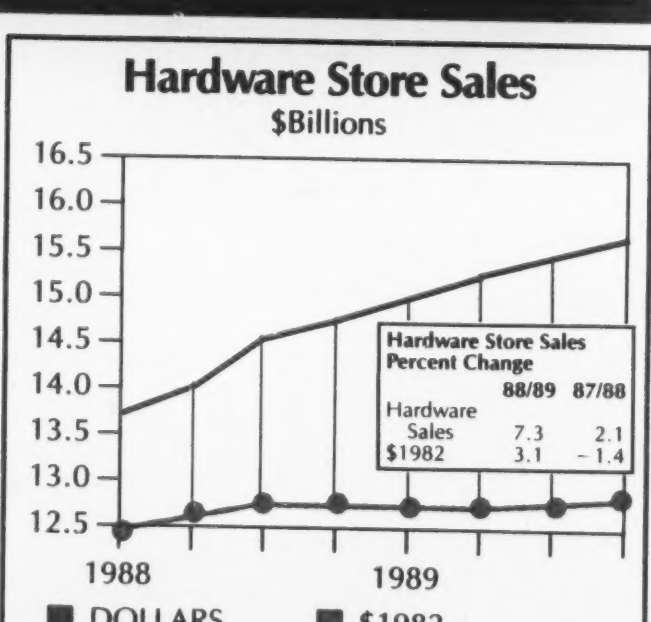
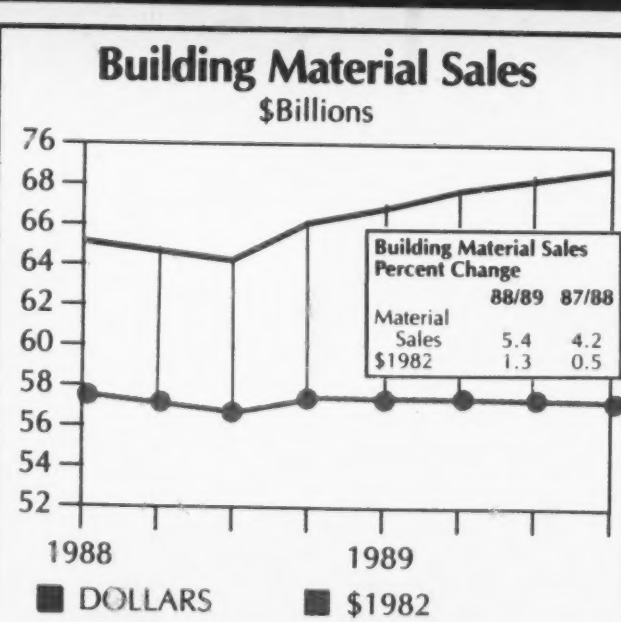
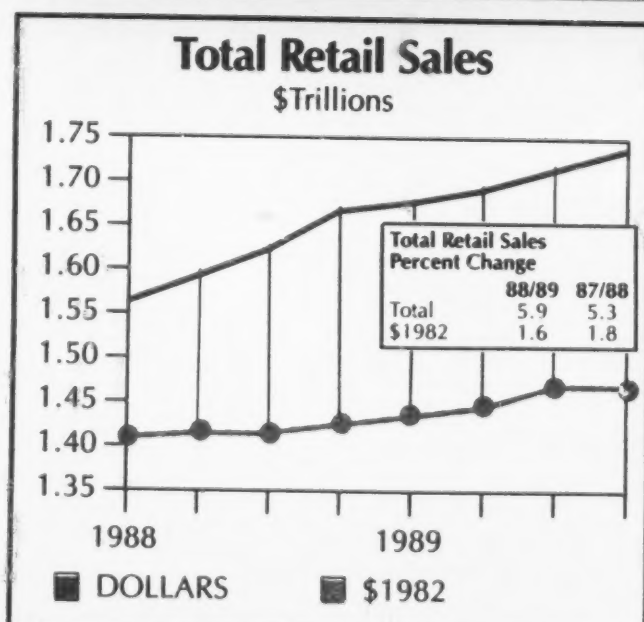
General Business Conditions



Housing



Retail Trade Activity



Data: Dept. of Commerce
Bureau of Labor Statistics
National Association of Realtors
Dept. of Housing and Urban Development

The Home Center Industry Outlook runs in two parts, one each month. The first part includes latest data on the General Economic Outlook; Residential Alterations & Repairs; and Retail Trade Activity. The second part includes latest data on regional building material and supply store sales.

SAAR—Seasonally Adjusted Annual Rate
p—projection
NHCN chart

Emhart acquisition stunts B&D's 1989 earnings

By an NHCN staff editor

TOWSON, Md. — Black & Decker Corp. posted a 40 percent sales jump, but a 69 percent earnings decline, for the fiscal year ended Sept. 24, 1989.

Every facet of B&D's annual results were affected by its \$2.8 billion purchase of Emhart earlier in the year.

The company's net sales reached \$3.19 billion, compared to \$2.28 billion a year earlier. Excluding Emhart, B&D's sales increased 11 percent. This

year's \$30 million in net income compared unfavorably to the \$97.1 million B&D achieved in fiscal 1988.

Earnings per share dropped to 51 cents from \$1.65 a year ago, reflecting increased interest expense and other effects of the purchase, the company reported.

In the fourth quarter, sales jumped 79 percent to \$1.059 billion; excluding Emhart's businesses, B&D's sales rose 14 percent. The corporation's \$29 million loss in earnings for the quarter was in stark contrast to the \$23.4 million gain a year earlier.

Likewise, the quarterly loss of 49 cents per share fell well short of the 40 cents per share gain for the same period in 1988.

Stocks start year on high note

The New Year arrived, and with it the Dow Jones Industrial Average cracked the 2,800 barrier for the first time in its history.

Home improvement stocks followed suit, though in less dramatic fashion. Thirty-five of the 46 stocks tracked for NHCN by Media General showed increases during the two-week period ended Jan. 5. Leading the retailers was General Building Products, whose stock had been battered around a bit in recent weeks. During this recent period, it rose 40 percent to close at \$1.75 per share. Sears Roebuck, more than 59 million shares of whose stock were traded in this period, increased about 6.5 percent to \$39.13.

Among suppliers, Georgia-Pacific and Champion International saw their stock prices increase more than 9 percent to \$51.38 and \$32.50 per share, respectively. Masco Corp. announced its first earnings decline in 33 years on the last day of this recent tracking period. But its stock price was none the worse for wear, and increased 5.67 percent to \$25.63.

Gainers
35

Unchanged
4

Losers
7

National Home Center News

HOME CENTER MARKET SUMMARY

		STOCK PRICE						VOLUME				EARNINGS/SHARE				P/E	DIVIDENDS			FINANCIAL POSITION								
		Covering The Period 12/22/89 - 01/05/90												Latest 12 Months vs Preceding 12 Months Change										Last Fiscal Year (Per Share)				
Company (Exchange)	Symbol	High	Low	Close	Change		52-Week		Total Volume This Period	% Shrs. Outstanding	Average Daily Vol. Last 52 Weeks	Average Daily Vol. This Period	Last Fiscal Year	Amt.	Pct.	5-Year Annual Growth Rate	Profit Margin	Latest P/E Ratio	Indicated Divd. Rate		Last X-Dvd. Date	Last Fiscal Year		Current Ratio	Long Term Debt	Common Stock Equity	Last Balance Sheet Date	
					Amt	Pct	High	Low											Amt.	Yield		Revenue	Earnings					
		\$	\$	\$	\$	%	\$	\$	(100)	%	(100)	(100)	\$	\$	%	%	%	-	\$	%	-	\$ Mil	\$ Mil	-	\$	\$	-	
Retailers																												
Gen Bldg Prods (O)	GBLD	2.00	1.25	1.75	.50	40.00	5.00	1.25	401	1.01	31	50	-06	-79	N	-100.0	NC	-3	NE	.00	.0	00-00-00	79.3	-2	4.6	5.48	4.01	1188
Grossman's Inc (O)	GROS	5.00	4.75	5.00	.13	2.56	9.75	4.38	10,626	4.07	2,336	1,328	.50	.16	N	33.3	NC	1.2	7.8	.00	.0	00-00-00	1141.6	13.2	1.8	6.15	3.88	1288
Hechinger A (O)	HECHA	12.88	12.13	12.63	.63	5.21	19.63	10.75	10,189	4.98	1,204	1,274	NA	NA	NA	NA	NA	NA	.16	1.3	10-30-89	NA	NA	NA	NA	NA	NA	
Hechinger B (O)	HECHB	13.00	12.00	12.50	.50	4.17	19.50	11.50	620	.42	66	78	1.30	-26	N	-21.0	11	4.8	12.8	.06	.5	10-30-89	1019.4	48.8	3.9	4.95	10.14	0189
Home Depot (N)	HD	38.25	34.63	37.63	2.50	7.12	38.38	19.19	14,831	1.95	2,044	1,854	1.00	.34	N	35.4	49	3.8	28.9	.12	.3	11-22-89	1999.5	76.8	1.7	1.45	5.16	0189
K mart Co (N)	KM	37.13	33.38	37.00	2.88	8.42	44.88	32.50	45,738	2.29	6,626	5,717	4.00	.05	N	1.4	16	2.9	10.1	1.64	4.4	11-10-89	27301.0	803.0	2.0	14.78	25.13	0189
Lowe's Cos (N)	LOW	29.63	28.75	29.38	.13	.43	32.13	20.75	9,343	2.51	620	1,168	1.83	.33	N	19.1	4	2.7	14.3	.52	1.8	01-10-90	2516.9	69.2	2.0	5.12	15.80	0189
NHD Stores (O)	NHDI	5.25	4.63	4.81	-.19	-3.75	9.50	4.63	586	4.50	31	73	.79	-.34	N	-45.3	4	1.9	11.7	.00	.0	09-16-86	51.4	1.0	2.1	4.07	7.14	0189
Natl Lumber (O)	NTLB	1.38	.88	1.25	.13	11.11	2.88	.88	886	1.57	43	111	-.82	-.58	N	NE	NC	-3.0	NE	.00	.0	00-00-00	152.0	-4.6	1.2	.21	2.86	0189
Sears, Roebuck (N)	S	39.50	36.75	39.13	2.38	6.46	48.13	36.50	59,076	1.64	7,306	7,385	2.40	-1.23	N	-32.0	-8	1.8	15.0	2.00	5.1	11-20-89	50407.8	909.5	.0	26.15	37.75	1288
Std Bld Pnt (N)	SBP	15.00	12.63	14.13	1.25	9.71	19.38	12.13	1,653	2.89	299	207	.37	1.00	N	NE	-27	1.2	27.2	.00	.0	08-11-87	304.4	3.7	2.8	28.85	6.65	0189
Strober Organiz (O)	STRB	3.50	2.75	3.25	.13	4.00	9.25	2.75	761	1.26	66	95	.64	-.59	N	-80.8	-10	2.8	23.2	.00	.0	00-00-00	140.4	3.9	1.7	1.09	4.93	1288
Wolchan Lumber (O)	WLHN	17.25	16.50	16.75	-.25	-1.47	24.53	15.00	826	1.28	218	103	1.75	.07	N	4.1	42	4.3	9.4	.25	1.5	11-09-89	257.8	11.2	2.6	4.36	8.20	1288
Wholesalers																												
Hughes Supply (N)	HUG	18.63	18.00	18.00	-.38	-2.04	21.88	17.50	445	.93	69	56	1.99	-.15	N	-7.6	9	1.9	9.8	.36	2.0	11-06-89	501.9	9.7	3.0	15.72	18.88	0189
Moore-Handley (O)	MHCO	4.75	4.50	4.50	.00	.00	4.75	3.75	297	1.31	19	37	-.17	-.18	N	NE	NC	-5	NE	.20	4.4	10-03-88	99.7	-5	2.0	3.18	5.98	1288
Manufacturers																												
Am Consum Prods (O)	ACPI	7.25	7.00	7.00	.00	.00	11.00	7.00	476	1.83	33	60	.70	.10	N	14.9	NC	2.3	9.1	.00	.0	06-08-88	78.6	1.8	4.3	7.33	5.40	1288
Am Woodmark (O)	AMWD	7.13	6.75	6.88	-.13	-1.79	13.75	6.38	1,324	1.94	56	166	1.00	-.09	S	-11.8	NC	4.7	10.3	.00	.0	05-24-88	158.1	7.5	2.3	3.65	5.41	0489
Armstrong Wld (N)	ACK	38.75	36.88	38.38	1.38	3.72	50.88	33.38	7,969	1.72	2,047	996	3.51	.00	N	.0	16	6.1	11.0	1.06	2.8	11-06-89	2680.3	162.7	1.2	4.02	21.73	1288
Black & Decker (N)	BDK	20.38	19.13	19.88	-.25	-1.24	25.25	18.13	23,476	3.99	2,826	2,935	.51	-1.14	F	-69.1	-12	.9	39.0	.40	2.0	12-04-89	3190.3	30.0	1.7	4.73	12.38	0988
Boise Cascade (N)	BCC	46.25	43.00	44.75	1.63	3.77	48.00	39.75	6,987	1.79	1,492	873	6.34	.62	N	10.6	40	7.1	6.9	1.52	3.4	12-11-89	4094.6	289.1	1.3	20.59	37.34	1288
Catalina Lghtg (A)	LTG	11.13	9.88	10.88	.25	2.35	15.25	8.88	2,017	3.99	221	252	.61	.20	F	48.8	NC	4.6	17.8	.00	.0	00-00-00	54.6	2.5	1.6	.06	1.52	0988
Champ Intl (N)	CHA	33.25	29.25	32.50	2.88	9.70	37.75	28.88	46,926	4.95	3,137	5,866	4.80	.34	N	7.7	NC	8.9	6.9	1.10	3.4	12-11-89	5128.5	56.4	1.4	20.00	35.05	1288
Clairson Intl (O)	CLIC	8.56	8.38	8.50	.13	1.49	8.63	2.75	1,589	3.12	210	199	-3.79	-4.34	F	-100.0	NC	-18.5	NE	.00	.0	00-00-00	104.2	-19.3	.7	.75	.06	0988
Cooper Indus (N)	CBE	40.50	37.13	38.75	.88	2.31	40.50	27.06	15,324	1.50	2,152	1,916	2.21	.43	N	21.2	20	5.3	15.8	1.00	2.6	12-05-89	4258.3	224.4	1.7	11.54	17.47	1288
DeSoto Inc (N)	DSO	47.25	45.75	46.50	.75	1.64	52.50	32.38	922	2.28	418	115	.79	-.89	N	-100.0	NC	.8	NE	.40	.9	12-20-89	402.5	3.2	1.8	12.33	24.29	1288
Georgia Pacific (N)	GP	51.63	47.13	51.38	4.38	9.31	62.00	36.63	17,750	1.87	2,538	2,219	4.76	2.45	N	54.7	46	4.9	7.4	1.60	3.1	11-13-89	9509.0	467.0	1.9	26.51	27.79	1288
La Pacific (N)	LPX	44.50	41.50	43.88	2.38	5.72	44.50	29.38	5,306	1.42	1,055	663	4.02	.48	N	12.0	42	8.5	9.8	1.00	2.3	11-09-89	1799.4	153.6	3.3	9.92	30.51	1288
Macmillan Bloedel (O)	MMBLF	16.13	15.38	16.13	.75	4.88	17.88	14.38	992	.10	511	124	2.58	-.18	N	-7.4	NC	10.1	7.2	.20	1.2	11-13-89	2743.8	276.4	11.7	1.45	10.86	1288
Marville Co (N)	MVL	9.38	8.75	9.25	.50	5.71	10.50	6.88	1,931	.40	719	241	.79	-2.46	N	NC	NC	4.7	NE	.00	.0	00-00-00	2062.2	96.0	1.7	22.06	7.39	1288
Masco Corp (N)	MAS	25.88	23.75	25.63	1.38	5.67	31.13	23.75	35,543	2.28	3,412	4,443	2.10	-.23	N	-11.7	14	11.8	14.7	.52	2.0	01-08-90	2438.6	288.3	3.0	7.30	11.30	1288
MorFlo Inds (O)	MORF	5.13	4.50	5.13	.63	13.89	7.75	4.50	155	.61	15	19	-1.11	1.05	N	NE	NC	-1.3	NE	.01	.2	12-13-89	218.0	-2.8	1.8	12.85	14.08	.88
Newell Co (N)	NWL	24.00	21.75	23.75	1.63	7.34	25.25	12.75	9,054	1.54	1,268	1,132	1.09	.37	N	39.4	25	6.2	18.1	.50	2.1	12-04-89	988.2	61.4	1.7	3.28	5.59	288
Nortek Inc (N)	NTK	5.63	5.13	5.38	.13	2.38	9.75	4.75	3,191	2.28	252	399	.90	-1.11	N	NE	NC	1.1	NE	.10	1.9	12-22-89	1224.2	13.2	2.9	38.65	16.34	1288
Owens Corning (N)	OCF	26.25	23.88	26.25	2.38	9.95	36.88	23.00	6,354	1.58	1,214	794	4.71	4.36	N	NC	NC	7.0	6.0	.00	.0	00-00-00	2831.0	197.0	1.2	32.73	-15.18	1288
Ply-Gem (A)	PGI	11.38	11.00	11.13	.00	.00	15.00	10.88	1,963	1.83	216	245	1.41	.03	N	3.1	11	4.1	11.1	.12	1.1	11-13-89	383.7	15.9	4.0	7.71	9.37	1288
Pope & Talbot (N)	POP	27.00	25.75	26.63	.75	2.90	29.75	18.00	1,068	.91	261	134	2.68	1.05	N	41.3	NC	6.2	7.4	.60	2.3	10-24-89	515.0	31.9	1.9	6.24	13.05	1288
Potlatch Co (N)	PCH	38.38	35.75	38.13	2.00	5.54	38.63	31.00	3,266	1.13	375	408	4.04	.86	N	23.0	33	10.4	8.3	1.20	3.1	11-09-89	1084.1	112.4	2.4	13.66	24.97	1288
PPG Inds (N)	PPG	41.75	39.13	40.63	.88	2.20	46.00	37.00	13,590	1.18	1,717	1,699	4.26	.02	N	.5	17	8.3	9.7	1.52	3.7	11-06-89	5638.7	467.6	1.5	8.00	20.48	1288
Rep Gypsum (N)	RGC	5.25	5.00	5.13	.00	.00	5.75	4.38	368	.37	62	46	.24	.01	Q	5.0	-29	5.0	24.4	.20	3.9	11-24-89	48.1	2.4	3.6	.90	3.19	0689
Sherwin-Williams (N)	SHW	35.25	33.00	34.50	1.38	4.15	35.75	25.25	7,195	1.67	973	899	2.30	.17	N	7.3	13	5.2	13.8	.70	2.0	11-13-89	1950.5	101.1	2.0	3.01	13.97	1288
Stanley Works (N)	SWK	40.00	37.50	37.75	-.25	-.66	40.00	27.50	3,088	.72	888	386	2.40	.35	N	15.2	9	5.4	14.2	1.08	2.9	12-04-89	1909.0	103.5	2.7	7.93	16.31	1288
Thos Inds (N)	TII	20.88	20.00	20.75	.63	3.11	20.88	17.63	850	.84	93	106	1.62	.01	N	.6	4	5.1	12.1	.76	3.7	11-27-89	347.6	17.7	2.7	3.22	12.25	1288
Union Camp (N)	UCC	39.63	36.38	39.25	3.00	8.28	41.38	33.75	25,358	3.68	1,735	3,170	4.25	.67	N	17.1	20	11.1	8.6	1.48	3.8	11-28-89	2660.9	295.2	2.4	9.13	22.66	1288
USG (N)	USG	4.88	4.38	4.88	.25	5.41	7.38	2.88	5,626	1.04	1,367	703	2.38	-.75	N	-39.1	NC	5.6	4.2	.00	.0	00-00-00	2248.0	125.5	1.0	44.18	-27.26	1288
Waxman Inds (N)	WAX	8.38	8.13	8.13	-.25	-2.99	11.00																					

Sutherland invests in boots

(Continued from page 4)

"The brick business is not real good right now," Justin told *NHCN*, although Acme is still profitable. "We're selling quite a bit of brick," he added, "although not as much as we could."

Not for sale?

Justin repeatedly denied the company is for sale, but he told the Fort Worth *Star Telegram*, "If somebody offers me enough money, I guess most anything is for sale except my wife and children."

The Sutherlands couldn't be reached for comment.

In order to prevent a take-

over, Justin adopted a "poison pill" defense in October and a 3-for-2 stock split in December. Justin's stock went through a 25 percent run-up during November and December, reaching a high of \$25.25 before settling back to around \$14 in early January. Choctaw Securities paid between \$22.75 and \$24.38 for its stake last month.

John Justin owns nearly 30 percent of Justin stock, so any takeover would be difficult without his approval.

In a telephone interview Justin said of the stock split: "We've been talking about doing it for awhile, and I thought

this would be a good time to do it." He said it had nothing to do with Choctaw buying shares in the company.

Justin had lunch with Perry Sutherland on Nov. 17, during which Justin said they talked business and looked at the company. "I told him I thought he'd made a good investment," Justin said.

Justin's nine-month income as of September 1989 was \$3.8 million on sales of \$198.2 million.

Finally, Justin did admit that some unnamed foreign investors had shown some interest in Justin in the past, "But they looked at the cowboy boots and shied away. They just don't understand what these are about." ♦

The company is preserving its "core" businesses and still has a truss mill and door and window shop. Marsh said these will be retained, along with the retail stores, where 80 percent of sales are to contractors.

The sawmill, which employs 80 people, has been run since April by Smith, who formerly headed Willco.

The company has seen a jump in retail sales partly from a greater emphasis on direct selling to contractors. "We've reorganized our outside sales force to be more aggressive," he said. ♦

Five divisions spur dealer

(Continued from page 2)

and contractor yard that attracts the advanced DIYer."

Services promoted

The lumber division employs a brace of estimators to handle takeoffs. A company-wide fleet of 100 trucks provides prompt, free delivery of goods throughout the state of New Jersey and beyond. And an in-house credit department handles the over 2,000 commercial accounts that all five Blackstone divisions carry.

"Most of our commercial customers have become our friends," says Schwartz.

While most of the company serves the commercial customer, Old Bridge's store manager Dave Barrett points out that his unit gets a good mix of consumer traffic.

"We've got a big base of hard-core weekend DIYers in this area, and I've modified our inventory to attract them," explains the 33-year-old Barrett, who worked for six years at 84 Lumber prior

to joining Blackstone.

Merchandising fine tuned

Carrying garage door panel kits and prefab sheds is part of that plan. "We got a shed display in here last season and sold between 75 and 100 sheds in the first month and a half," Barrett said.

As for Home Depot moving in across the street in Old Bridge, McDermott notes that Blackstone Lumber will fine tune its product mix and get deeper into consumer advertising this year.

"That's not because of Home Depot, but because of the overall economy," he says about a possible recession.

McDermott concedes, though, that the arrival of the Atlanta-based warehouse chain is not something Blackstone can completely ignore.

"It gives us a challenge," says McDermott, finally giving a nod in the direction of the competition. "It's a new reason for our people to get up in the morning." ♦

New venture for Blue Circle

(Continued from page 2)

manager Curtis Smith. About 25 percent of it is sold to Williams Bros.' five retail outlets around Atlanta; the balance is purchased by lumberyards and home centers between Mississippi and Virginia.

Georgia Wholesale was set up by Blue Circle Inc., which owns Williams Brothers, to preserve its relationship with retail customers, some of whom reportedly felt it was inappropriate being seen accepting deliveries from a com-

pany that owns a competitor.

"Georgia Wholesale is a separate company, in a separate corporate shell," said Dave Marsh, vp-operations of Williams Brothers.

Last summer, Williams Brothers closed three retail stores and sold its lumber distribution business, Willco, to the Duluth, Ga.-based Maxey-Bosshardt Lumber. Former Williams Bros. vp Jim Stansberry was recently named vp of the new company, called Willco/Maxey-Bosshardt.

Index of Companies in This Issue

Acme Brick and Featherlight Building	4,49	Georgia Wholesale Lumber	2,49	Our Own Hardware	3
Agam Home Center	20	Georgia-Pacific	4	Panama Machine & Supply Co.	50
Allwoods	24	Great Plains Supply	23,50	Pay 'N Pak	1,2,3,19,50
Amdura	3	Grossman's	24	Payless Cashways	3,4
Anderson Lumber	4	Habitat for Humanity	23	Peachtree Planning Center	3
Babbitt Bros.	4,35	Hamilton Beach	11	Portasol	28
Barr Lumber	4	Handy Andy	50	Preston Trucking	12
Berkeley Forest Products	23	Hardware Wholesalers	4,35	Quality Wholesale Building Products	4
Bestar	24	Hechinger	11,33,34,38	Rickel	12
Big Buck Building Centers	50	Hill-Behan Lumber	4,23	Sears	50
Black & Decker	11,42	Holland Southwest International	28	Schrock	19
Blackstone Co.	2,49	Home Depot	2,19,20,38,49	Schultz Snyder & Steele Lumber Co.	4
Blue Circle Inc.	49	HomeClub	1,14	Scotch Corp.	11
Builders Emporium	1	Ideal Co.	2	Scotty's	3
Builders Square	1,4,19,38,50	Jacob's Hardware	12	Seigle's Home and Building Centers	23
Busy Beaver	11	Justin Industries	4	Sensormatic	34,35
Central Hardware	24	Kahlenberg Bros.	23	Sentry Hardware	3
Church's Lumber	4	Kemper	19	ServiStar	3,24,50
City Mill Co.	3	K mart	1,50	Seven D Wholesale	4
C. O. Bar Inc.	4	Knogo, North America	34,35	Shavely Forest Products	4
Coast to Coast	3	Kurpees Coatings	24	Somerville Lumber	3,23,50
Collins Co.	19	Lampert Lumber	1,50	Star Lumber	3
Cotter & Co.	12	Loss Prevention Specialists	33	Strober Brothers	19
Dasco Pro	14	Lowe's	4,35	Strober Organization	3
Dean Lumber	23	MacMillan Bloedel	4	Sutherland Lumber	4,49
Dixieland Lumber	4	MAI Basic Four	35	3M	35
Douglas Lumber and Home Center	19	Makita	12	Titan Corp.	30
Eagle Hardware and Garden	2	Marvin Windows	50	Trustworthy	3
East Coast Lumber	35	Masback Hardware	3	UC Industries	30
Economy Building Materials	23	Maxey-Bosshardt Lumber	49	Umphlett Lumber	23
84 Lumber	4,49	Metuchen Lumber	2	Universal Forest Products	4
Emhart	42	Milwaukee Electric	12	Wal-Mart	1,11
Ernst	2,11,19,35,50	Monarch	14	Waxman Industries	1,3
Fagen's	2,50	Morrison Brothers	2,50	Westavco Lumber	23
Fluidmaster	11	Morrison Millworks	2	Weyerhaeuser	4
Furman Lumber	23	Mr. Goodbuys	12	Wilco	49
Gamble-Skogmo	3	NHD Stores	38	Williams Brothers	2,49
Ganahl Lumber	4	Oshan Lumber	19	Wm. K. Westley Co.	28
General Building Supply	3	Orchard Supply Hardware	2	Wood Pro Cabinetry	19
Genova Products	30	Orion Systems	50		

Advertisers Index

Boldface denotes reader service number

Andersen Corp.	20,21, 15
Beautyware	8, 7
Belwood Sales Corp.	28, 21
Celotex	40, 32
Certaainteed	36,37, 29
Coast-to-Coast	30, 24
Collins Co.	25, 19
Dutch Boy	32, 28
Fluidmaster	7, 6
Freud	24, 18
General Marble	22, 16
Giddens	16,17, 13
Gruppo Ratti Silvio	11, 9

Hunter Co.	31, 27
Japan DIY Assn.	45, 33
Keystone Franklin	39, 31
Knauf Fiber Glass	6, 4
Lane Publications	49, 34
Larson Manufacturing	30, 25
Macco	30, 23
Manville Building Materials	52, 36
MW Manufacturing	15, 12
National Manufacturing	6, 5
National Store Fixtures	6, 3
Price Pfister	13, 11
R.D. Werner	38, 30
Rubberset	29, 22
Stanley/Parker	26,27, 20

Steel City	51, 35
Sunny Wood Products	18, 14
Titon Industries	30, 26
Waxman Industries	5, 2
Weyerhaeuser Wood	11, 10
Whittier Wood	23, 17
W.R. Borsal	22A, 8
W.W. Henry	11, 8

This index has been compiled for the convenience of our advertisers and readers. While every precaution is taken to prevent mistakes, the publishers cannot be held responsible for errors or omissions.

National Home Center News (ISSN 0192-6772) is published 23 times a year, twice a month, monthly in December, beginning with the second Monday in January; by Lebhar-Friedman Inc., 425 Park Ave., New York, NY 10022. Subscriptions are available at no charge to qualified retailers and wholesalers of lumber and building supplies and hardware. Paid subscriptions are available to nonqualifying retailers and wholesalers, and to manufacturers and others at \$69 per year in the U.S.; \$79 per year to Canada; \$219 per year to all other countries (air mail only). Group subscriptions available in the U.S. (1-4 copies, \$69; 5-19 copies, \$64; 20 or more copies, \$59). Single rate copy is \$3 except last two May issues (Annual Census Issues) \$30 each, \$50 for both.

Second class postage paid at New York, N.Y., and additional mailing offices. Vol. 16, No. 2, Copyright© 1990 by Lebhar-Friedman Inc. All rights reserved. Postmaster: Please send address changes to Subscription Dept., National Home Center News, 305 Madison Ave., Suite 535, New York, N.Y. 10165-0079. For change of address six weeks is requested. Give old and new address and zip code. If possible, enclose address portion from cover on previous issue.

Vol. 16, No. 2

January 22, 1990

The most profitable products you can sell are ideas and know-how

You can convert a customer's faucet repair into a kitchen remodel, a concrete patching job into a new deck, or a storage project into a room...

Simply capture their imaginations with project ideas, then provide them with the how-to skills. We do both.

Sunset

BOOKS & VIDEO

The most trusted name in d-i-y information

Call 1-800-227-7346/In California 1-800-321-0372

Circle 34 on Reader Service Card

0025775C
MS JEANNE LONG
CONGRESSIONAL INFORMATION 1C3
4520 EAST-WEST HIGHWAY/STE 800
BETHESDA
MD 20814

National Home Center News®

SECOND CLASS

Vol. 16, No. 3

\$3 a copy

The newspaper for retailers serving homeowners and contractors. Published by Lebhar-Friedman Inc.

February 5, 1990

Weyerhaeuser drops bomb on buying groups

Will halt participation in rebate programs

By Tim O'Malley

TACOMA, Wash. — Weyerhaeuser has informed the major hardlines and building material wholesale buying groups that it no longer will support the rebate programs paid out to their dealer-members based on purchases billed through the co-ops.

The sudden move, greeted with emotions ranging from surprise to anger by officials of those groups, has sent large and small commodities distributors scrambling to pick up the business Weyerhaeuser has left on the table.

Weyerhaeuser's decision comes on the heels of its closing 13 distribution centers and virtually abandoning the East Coast market. The move has left the industry wondering what's next as the \$10 billion forest products company continues to pull back on its far-reaching interests.

The move could also seriously impact the building materials programs of the hardlines co-ops, which have relied almost exclusively on Weyerhaeuser's and Georgia-Pacific's nationwide distribution networks to ship their dealers less-than-truckload quantities of commodities.

More seriously, some believe Weyerhaeuser's decision could spark an industrywide palace revolt by other distributors against participating in co-ops' rebate programs.

"What Weyerhaeuser did was courageous," said Hawk Furman, president of Furman Lumber, a major commodities distributor based in Billerica, Mass. "I'll deal with the co-ops, and I'll ship dealers any way they'd like. But in these economic times, I have to ask if I'm getting value for the services I'm providing."

'Irkome' discounts shunned

Weyerhaeuser officials declined comment about the company's shift away from participating in the buying groups' rebates. "Everything is proceeding normally in our dealings with the co-ops;

there's been no change," said Donna Brown, a company spokesperson.

But in letters to the major buying groups sent in late December, Weyerhaeuser said its distribution division would withdraw from incentive agreements as of March 31.

Such agreements, standard with co-ops for at least a decade, have irked suppliers because

'As far as I'm concerned, [Weyerhaeuser] has written us off, so I've written them off'

—Ray Treen,
vp-building products
Hardware Wholesalers Inc.

(Continued on page 53)

Mr. Goodbuys' retreat concedes Long Island to competing chains

By Elizabeth Brent

PHILADELPHIA — Mr. Goodbuys will close four stores, including both its units on Long Island, N.Y., and embark on a \$7 million remodeling effort for its remaining 12 units, according to Stephen Underwood, who took over as the chain's new chief executive officer Dec. 1.

This is the first stage of a three-year "revitalization" effort. The company said it also is looking to open new stores in this time period.

Mr. Goodbuys has had its two Long Island units in Westbury and Farmingdale, N.Y., under close scrutiny for some time.

The Westbury unit was disadvantaged by its own poor location and by being only a mile from Home Depot's new unit in East Meadow, N.Y., and



This unit in Westbury, N.Y. will close as Mr. Goodbuys uses its resources to remodel its stores rather than battle competition here. NHCN photo

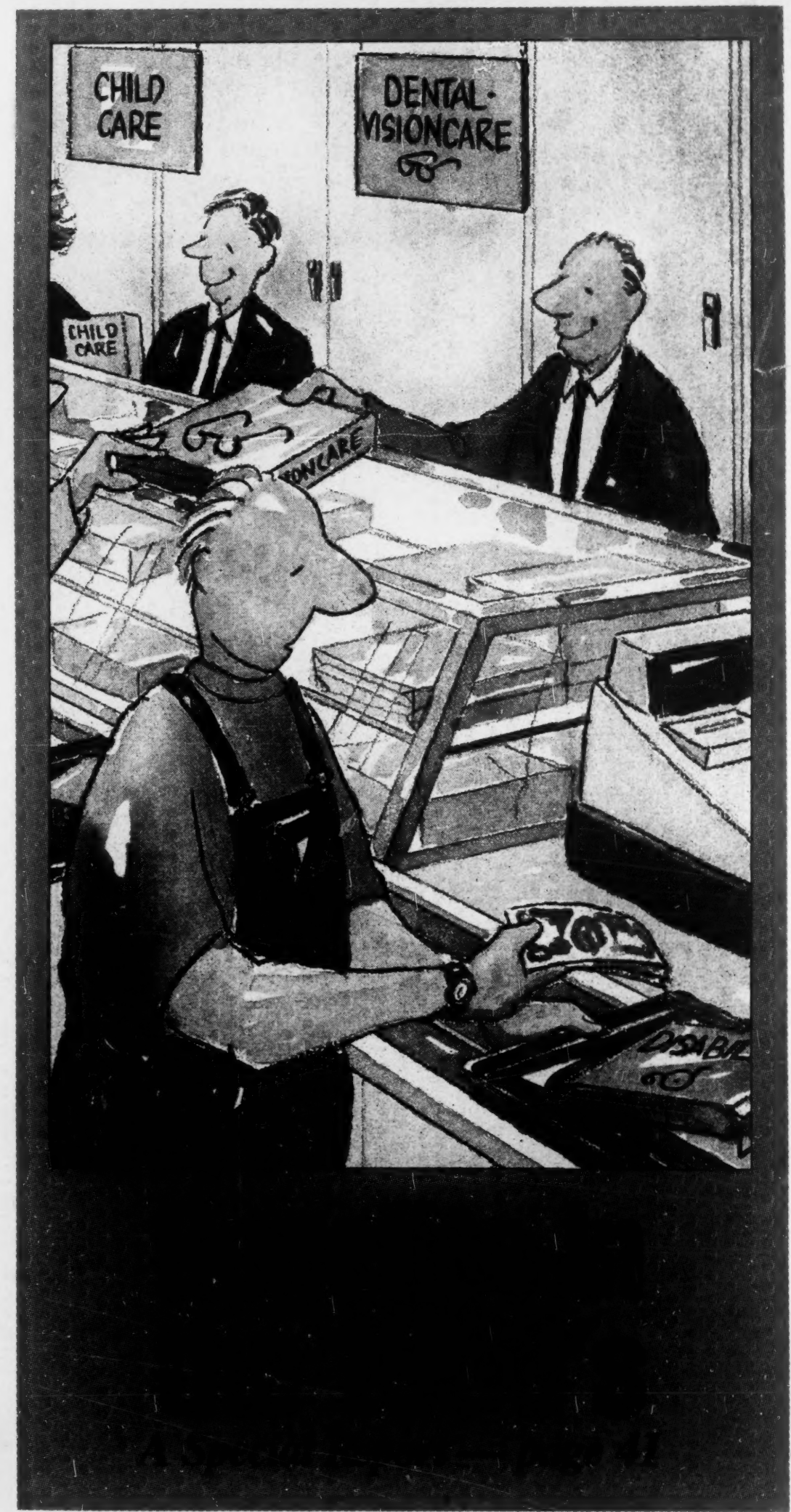
the relocation of a Pergament unit into a 60,000-square-foot store in Westbury.

"There's no future in Long Island for anybody but Pergament and Home Depot," said Underwood. "It's just not worth getting into a war be-

tween the two; we'd rather spend money on our stores."

Also to close is Mr. Goodbuys' Bricktown, N.J., store, where Home Depot is slated to open soon, and the Cedarbrook Mall unit in the Phila-

(Continued on page 54)



Bleak housing market casts a pall over show

By John Sinisi

ATLANTA — "Where Will the Money Come From?" was as burning a question as "Where Will Our Children Live?" to the 60,000 people attending the 46th annual National Home Builder's Show, held here last month.

Members of the association wanted to learn which government agencies will fill the void in acquisition, development and construction (AD&C) left by thrift reform. Also of interest was finding better ways to build high-quality, affordable housing and sustaining re-

modeling business growth.

An unprecedented visit from the President Bush did little to distract members from these concerns.

Among those who walked the 400,000-square-foot exhibition, held at the Georgia World Congress Center, were representatives from retail companies such as Home Depot, Fagen's, Spenard Building Supply, Moser Lumber, and Diamond Point Lumber. They were interested in getting a jump on what their contractor customers might want

(Continued on page 52)

Merger creates largest independent distributor — page 3

Georgia dealer finds silver lining in store blaze

By an NHCN staff editor

CONYERS, Ga. — When the call came from his Green Street store urging Ed Cowan to come quick, that his place was on fire, the Ace Hardware dealer never thought it was something major.

Driving the eight miles from his other store in Honey Creek on that Jan. 10 afternoon, Cowan comforted himself with the knowledge that he had installed plenty of smoke detectors inside the store, plus an alarm that went straight to City Hall.

His store is also across from the local fire house.

But about a mile from Green St., Cowan's gentle uneasiness turned to terror as he spotted billowing smoke. "Oh, crap," he recalled thinking. "This is going to be trouble."

No one was hurt, but Cowan Ace Hardware's 7,200-square-foot showroom and office—including several hundred thousand dollars in inventory—were destroyed by flames. Only a 2,300-square-foot building used to store outdoor power equipment was spared.

Star Lumber expands reach with first acquisition

By an NHCN staff editor

WICHITA, Kan. — Star Lumber purchased the single-unit Davis Home Center in Hutchinson, Kan., last month, making it the first addition to the local chain based here in 10 years.

David Gregory, Star's director of merchandising and advertising, said while the acquisition doesn't necessarily mean Star will now concentrate on adding new stores, "we're always looking for new opportunities."

"This is aggressive for us," Gregory added. Davis Home Center became Star Lumber and Supply's fourth store on

Authorities believe a spark from a circuit-breaker panel ignited a small puddle of kerosene and mineral spirits that had spilled from two, 220-gallon storage tanks.

Destroyed with everything else was Cowan Hardware's "old Western" store facade, described in local newspapers as a treasured sight for a local gathering place.

But there may be a silver lining to all the misfortune. With the insurance money Cowan is hoping to collect, the

Cowan expects to file a million-dollar claim to get his business up and running within four months. "There's every indication that I shouldn't suffer one bit."

The experience taught him plenty, though, such as the need for extensive insurance and that owners should keep important records off premises. He didn't, but was fortunate to have placed the documents in a safe that was spared from flames.

Perhaps the most lasting

"The only time I've gotten emotional over this whole thing is seeing the support from friends."

—Ed Cowan,
owner,
Cowan Ace Hardware

retailer plans to erect a "Store of the Future," the name of Ace's turnkey program.

The Oak Brook, Ill.-based co-op has a regional office about a mile from Cowan's store, and the retailer praised Ace's representatives for coming to his aid quickly.

lesson was the "unbelievable kindness of people in times of need." Cowan said several locals came with pickup trucks to help cart away debris. One woman promised to take a day off from work to help him get things in order once the new store is built.

Davis Home Center has 22,000 square feet of retail space and a 10,000-square-foot warehouse. The store uses several format ideas from its buying group Hardware Wholesalers, Inc. (HWI), although it's not a Do-it Center.

Overall, Gregory noted that business in Wichita is "fairly stagnant" and that Hutchinson is in "a little worse shape than Wichita."

The name of the game for Star is "increasing market share," he added. Star competes against Pay 'N Pak, Westlake Hardware and a host of independents in Kansas.

Star is headed by Chris Goebel, who became president last September. Sales there in 1989 were about \$50 million, according to the company.

Pardue, with Lowe's for 34 years, to retire

By an NHCN staff editor

NORTH WILKESBORO, N.C. — Dwight Pardue, senior executive vp-real estate at Lowe's Cos., will retire at the end of the year after a 34-year career with the home improvement chain based here.

I. W. Davis has been promoted to senior vp-real estate. Davis joined Lowe's in 1986 after spending 27 years with Sears in real estate.

Pardue hopes to spend more time with his family and pursue his personal business interests, which include real estate, after retirement.

Pardue, 61, began his career at Lowe's as manager of warehousing in 1956 for what was then a six-store, \$12 million chain. A year later, he became store manager at the Sparta, N.C., unit and then transferred to Richmond, Va., in 1959, where he opened Lowe's first store in here.

In 1970, the company realized the need for a regional structure and Pardue was cho-

sen as one of the first two regional vps. In 1976, he was promoted to senior vp-sales/store operations for all of Lowe's and two years later was named executive vp in the same capacity.

He was named to his current position in 1986, overseeing the addition of 2.4 million square feet of retail space, a 65



Dwight Pardue

percent increase, in a four-year period. The 302-unit chain plans to add an additional 2 million square feet over the next two years.

"Dwight has played a truly significant role in the growth of Lowe's," said Leonard Herring, Lowe's president and ceo, in a prepared statement. "He will be missed by all."

U.S. lumber graders make headway into U.K.

By Gary S. Ruderman

NATIONAL REPORT — Seven of nine U.S. lumber grading agencies cleared the first hurdle in gaining market acceptance in Europe before the continent's western nations unify in 1992.

The decision by the United Kingdom Timber Grading Committee to accept some U.S. gradings, handed down last month, means wood qualities accepted in the U.S., like machine stress ratings and span characteristics, will be accepted in the U.K. after June 1. It is the first step for U.S. graders to eventually receive coveted British grade stamps.

"The word is that such approval in one country could well mean automatic approval in all others of the [European

Commission] countries" before 1992, said Don Wallace, technical director of the Western Wood Products Association (WWPA), one of the grading agencies, in a prepared statement.

Ron Willis, export markets manager for the Southern Forest Products Association, said all but two of nine U.S. grading agencies had received the preliminary U.K. approval. The other two are expected to reach the first level of acceptance by year-end, Willis said.

While the total U.S. exports of lumber to the U.K. in 1988 amounted to just 92 million board feet, the smallest portion of which comes from the western U.S., the European market is a prime candidate for export growth. At present, the 12-member European Community receives the bulk of its lumber from Germany and the Scandinavian countries.

contents

upfront

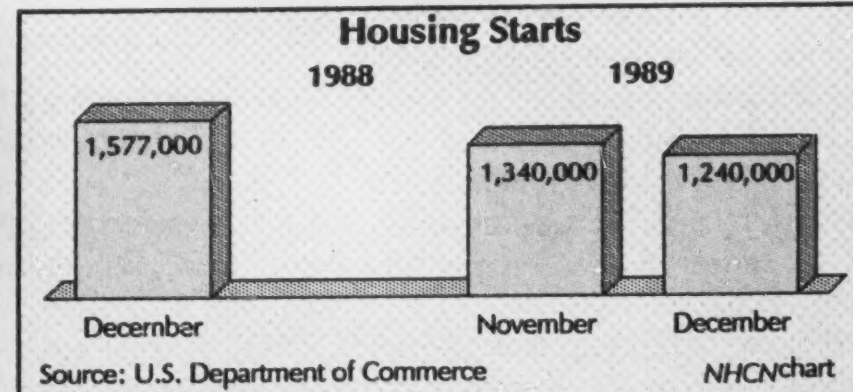
- Grip-Rite, Sequoia marriage creates largest U.S. distributor 3
- Wickes names new chairman 4
- Car driven by murdered Rickel vp found 4
- Pergament introduces installation program 6
- Editorial: NAHB show focuses on affordable housing 10
- Commentary: Market prime for home improvement projects 10
- Home Depot buys lease for prime Long Island property 54

buying & selling



- Recent survey examines shoppers perception of quality in tools 25
- Manual screwdrivers hold onto their market despite growth in cordless 25

business watch



- BUSINESS WATCH 50
- Financial Shorts 51

Survey asks what factors consumers consider in determining tool quality

By an NHCN staff editor

NATIONAL REPORT — The tool category remains perhaps the most brand sensitive in the home improvement industry, as consumers con-

among 500 consumers who read *Better Homes and Gardens*. It was commissioned by The Irwin Company, the Wilmington, Ohio-based tool accessories manufacturer. Its

PRODUCT ANALYSIS

tinue to base their buying decisions on names they know and trust.

However, consumers in this country also are keen on stepping up to better quality merchandise, with nearly three-fifths of those polled in a recent survey claiming they would spend somewhat more for a higher-grade tool.

The poll, conducted in August and whose results were released recently, was taken

findings are nationally projectable to the magazine's 36 million readers.

More than three-quarters of respondents said they look for "brand name" when making their tool purchase, followed by 70 percent who said they first evaluated price.

A surprisingly high 19 percent said they looked for "statements referring to professional use," which probably

(Continued on page 28)

PRODUCTS '90

Bosch jigsaw connects to vacuum system

The new model 1581DVS Dustless Variable Speed Jig Saw from Bosch, New Bern, N.C., features a built-in collector for attachment to the Bosch Air Sweep Dust Extraction System.

The jigsaw features a bayonet-lock blade mount; counterweight design, which eliminates vibration at its source; four-position orbital action; and a 1 inch stroke length and 500 to 3,100 no load strokes



per minute.

For more details, write Bosch Power Tool Corp., 100 Bosch Blvd., New Bern, N.C. 28562-4097, (919)636-4281 or circle number 200 on the reader service card.

Newest Blazer soldering iron has many uses

Blazer Products, New York, N.Y., has introduced its butane-gas-powered cord-



less, self-starting, refillable soldering iron.

Besides soldering, it can be used for cutting, repairing, heat shrinking, or as a gas torch. The Model SI-3000 Cordless Soldering Iron refills and starts in seconds and is equivalent to a 100 watt electrical soldering iron. Torch, heat knife, heat shrink and polyfoam cutter tips, as well as soldering tips in four sizes are available.

The iron works up to 90 minutes per refill and has a one-year limited warranty.

For more information, write Blazer Products, Dept. P-3A, 114 E. 32nd St., N.Y. 10016, (212)532-1166 or circle number 201 on the reader service card.

'Safety first' stressed at Payless



The power tool department in Payless Cashways' store in Nashville, Tenn., focuses on user safety by cross merchandising protective goggles and headware with the extensive line of power tools Payless has added recently to lure in more contractors.

NHCN photo

Manual screwdrivers hold onto their market despite growth in cordless

By Tom Bagsarian

NATIONAL REPORT — Dealers and even suppliers say the explosion in cordless screwdriver sales has had, at best, a modest impact on sales of the manual variety.

However, some consumers have become accustomed to using the electric models as substitutes for manual screwdrivers. In response, Star Lumber, the four-store chain based in Wichita, Kan., has trimmed its manual skus.

On the other hand, the success of cordless electric screwdrivers at the 74-unit ACO Hardware has acquainted consumers, used to only slotted head screwdrivers, with new tool heads like Phillips-head types.

That's carried over to increased sales of specialty head manual items, and John Cyrowski, buyer for the Farmington Hills, Mich.-based dealer, boosted his stores' skus of this hand tool by 20 percent and "de-emphasized" manual slotted screwdrivers.

Pros prefer manuals

Despite the closing proximity of their price points, cordless and manual screwdrivers are really aimed at two separate markets. Dealers still view the manual screwdriver as the old mainstay, the tool of choice by professionals and serious do-it-yourselfers for their more earnest projects.

In 1987, the latest year tracked by the Commerce Department, 19 domestic suppliers (down from 32 in 1982) sold \$117.1 million

worth of manual screwdrivers. In that same year, the first in which suppliers were showcasing their cordless screwdrivers, \$63 million of the power driven products were sold.

In the ensuing two years, more companies have begun offering cordless screwdrivers, and the sales gap between electric and manual items has no doubt narrowed.

However, "I haven't seen any effect at all,"

says Doug Hammer, hand tool buyer at Servi-Star, the 3,700-member hardware co-op based in Butler, Pa., about the impact of cordless on manual sales.

Hammer reasons shoppers won't wing it with a cordless screwdriver without a backup. "I'm not just going to have a cordless screwdriver in my tool box,"

notes Hammer. "I'm also going to have a [manual] screwdriver set."

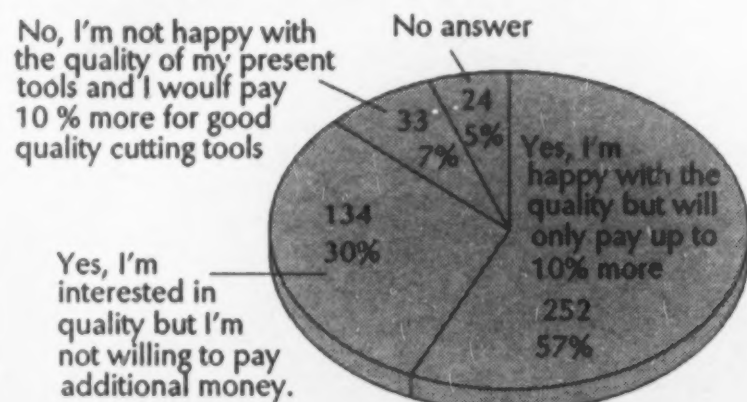
Kevin Wood, store manager at Tool King, the seven-unit specialty tool chain in Denver and Milwaukee, concurred, and called the cordless screwdriver "more of a toy," than a tool used for major projects.

But at the same time, Calvin Herrill, the tool buyer at Star Lumber, says the "steady decline" in sales prompted his company to eliminate one of three quality manual screwdrivers from its product mix as a result of the cordless boom.

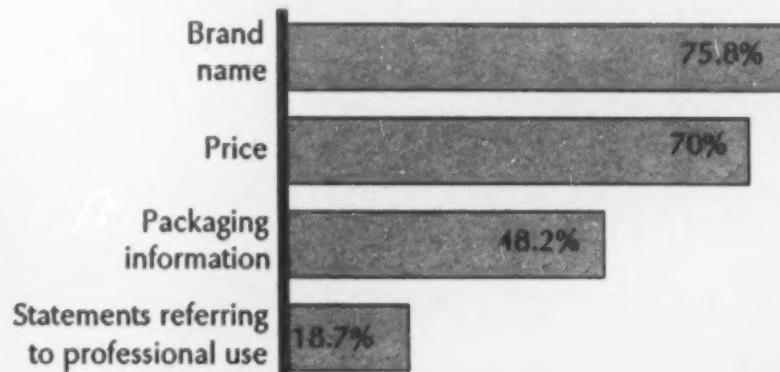
Although Herrill expects the slide to continue, it should "level out" during the next 10 years, since there "always" will be a need for

(Continued on page 26)

Would you pay slightly more for better quality tools and tool accessories?



What do you look for to help you make a tool selection?



Source: Better Homes and Gardens Consumer Panel, August 1989

Study examines shoppers' perception of tool quality

(Continued from page 28) accounts for the big marketing push companies such as Black & Decker, Skil and Makita have made recently on their products that had been geared primarily towards contractors.

About one third of the respondents said they have a

"favorite" brand, but nearly 9 percent expressed no preference, noting that they rely primarily on "information provided by the store" concerning quality.

For the most part, home centers and hardware dealers have viewed the tool category as self-service, although with a growing number of dealers putting theft-prone tools under lock and key, it has become virtually impossible in some stores to buy a tool or accessory *without* the help of a salesman.

Will pay a little more

A high percentage of consumers polled said they sought out better quality tools, even if "quality" remains a relative term for most shoppers and there appears to be a price threshold.

The majority of the survey's participants proclaimed they are "happy" with the quality of what's on the market: on a scale of one to 10, with 10 representing the highest level of satisfaction with a tool's quality, almost 60 percent rated what is being sold in home centers and hardware stores an eight or higher. About 10 percent thought the quality of tools being sold was average.

But even those who are pleased with what's available say they were only willing to pay "up to 10 percent more" for better quality as they perceive it.

A much smaller but no less significant percentage—7.4—said they were not thrilled with the quality of products they owned and would pay 10 percent more for good quality cutting tools.

As important were the three in 10 shoppers who expressed an "interest" in buying better grade equipment but not if it costs more.

Prefer hardware stores

The tool category takes up a major chunk of real estate in many home centers. Warehouse chains in particular can stock up to five different manufacturers' lines of tools, and three lines of accessories.

But at least among this survey's respondents, hardware stores remain the preferred shopping environment for tools and related items. Home centers, discount stores and national chains (predominantly Sears) received the same level of preference, and there appears to be a lot of crossover shopping among these consumers.

Credo Tools

10" PLYWOOD

PERFORMANCE GUARANTEED OR YOUR MONEY BACK!

THE COMPANY

2765 National Way
Woodburn, Oregon 97071
(503) 982-0100
TOLL FREE 1-800-547-9151

MADE IN USA

Circle 21 on Reader Service Card

perspectives



By John Caulfield
and Tom Neven

Holmes Lumber's costs for providing comprehensive medical benefits to its 400 employees have been rising so rapidly in recent years that the four-unit company may drop its coverage entirely when its insurance policy comes up for renewal on June 1.

"This is a nationwide problem, and a lot of companies around here are simply discontinuing any kind of health coverage at all," says Jean Horne, director of personnel and risk management for the Jacksonville, Fla.-based dealer.

Health insurance costs to cover the 600 employees at Thompson Enterprises shot up 40 percent in 1989, "and they will rise again this year," laments Lisa Phillips, office manager and benefits coordinator for the Minnetonka, Minn.-based company, which operates eight Budget Power home centers. "I don't know what we're going to do about it."

The unceasing upward spiral in medical costs is forcing retailers around the coun-

Benefits in the '90s: Who pays?

**Spiraling health costs
are forcing employers
to reevaluate all
benefit plans**

try to take a hard look at their entire employee benefits packages. What they see are workers who require a broader range of benefits—medical, day care, tuition reimbursement, disability coverage, even mortgage compensation—and their company's balance sheet that cries out for budget cuts in a more austere age.

"In the future, employers will simply be more careful in planning their benefits programs," says Stephanie Poe, director of communications for the Employee Benefits Research Institute (EBRI) in Washington. "They can't be buying into trends, or basing their opinions about what to offer on small-sample surveys."

Retailing, and this industry in particular, is not known for the generosity of its benefits (see charts, p. 43). However, several of the 13 companies contacted for this story have extensive packages, and most are looking to expand their coverage.

The '90s, though, is likely to be a decade of dilemma, both for retail employers with limited funds who must provide a more flavorful menu of benefits just to keep loyal employees from jumping ship to other companies with better packages; and for em-

(Continued on page 42)

perspectives

(Continued from page 41)

employees who, in all likelihood, will be asked by their employers to foot more of the bill for the benefits they want, and could be asked to pay again by federal and state governments in the form of taxes on benefits received.

"The well is only so deep," says Ed Burke, controller for the eight-unit Somerville Lumber in Waltham, Mass., who predicts his company may have to ask employees to kick in more for other benefits to compensate for the cost hikes in medical coverage that Somerville is absorbing.

Needs versus costs

The attractiveness of a job often is defined by which employee benefits are provided, sometimes even more so than take-home pay. "Whether we like it or not, employees view benefits as part of their compensation," notes Jim Summers, director of compensation and benefits for Wickes Lumber, based in Vernon Hills, Ill., which employs 6,000.

What benefits are expected from companies also has gotten more complex, as the worker pool changes and employers come to rely more heavily on women and seniors whose health and lifestyle needs are unique (see box).

Some of these, such as allowing employees to work flexible hours, cost dealers very little. Others, such as repayment for fitness/wellness preventive measures, can be exorbitant.

However, there's a limit to what benefits employers can afford to provide. Summers alludes to a 1988 Home Builder Survey, conducted by a Chicago-based compensation consultant firm and based on information supplied by 22 competitive retailers (including Wickes), that showed their median cost of benefits to have risen to 32.14 percent of total payroll. (The identities of the surveyed dealers, who have exchanged data for more than a decade, were confidential.)

The 'Cafeteria' approach

The retailers contacted for this article all offer comprehensive medical coverage and life insurance for full time employees. The majority now has a 401(k) retirement plan into which employees can contribute a percentage of their pretax income, and tuition reimbursement.

That's where the similarities end, though. Individual and family dental coverage is becoming more common, but certainly isn't universal. Thompson Enterprises and Holmes Lumber are among the dealers looking at long-term disability, still a rarity in this business. Such "fringe" benefits as eye care or elderly dependent care are virtually nonexistent.

A recent poll of 1,000 Americans by EBRI and The Gallup Organization found that 53 percent thought their employer should play a primary role in helping parents with child care. And several retailers—Wickes Lumber; Scherer Brothers in Brooklyn Park, Minn.; Levy's Lumber & Building Centers in Louisville; the 50-store Handy Andy Home Improvement Center in Schaumburg, Ill.—are investigating child care, a benefit that's "definitely going to happen," predicts Phillip Levy, president of the five-unit eponymous company. "It's necessary to get good people."

TAPJAC, the 12-store chain based in Carthage, Mo., is among the growing number of companies that provides child care and a host of other benefits which are paid for partially by employees through payroll deductions under Section 125 of the Tax Code.

Commonly referred to as the "cafeteria" approach to benefit provision, this practice is likely to become more prevalent as a way for dealers to offer their employees more benefits choices without incurring considerably more financial risk.

Employees also appear to accept the notion that their companies can't pay for everything. For example, 250 of Thompson Enterprises 600 workers participate in that company's Section 125 program. "It allows us to offer benefits more to what the individual employee needs," says Phillips, the company's benefits coordinator, who adds that this kind of approach could help narrow the benefits gap between single and married employees.

Will benefits be taxed?

Lurking in the background is the prospect that state or federal governments may remove the tax-exempt status of benefits received (see story, p. 44). "We currently aren't offering anything under 125,

Dramatic changes in the complexion of the work force, coupled with a whole new set of employee needs, are altering the benefits picture:

- Currently, at least 1.5 million youngsters, and possibly up to 3 million, come home from school to an empty house because both parents work. But child care services have escalated and average \$3,000 annually per family. In response, 4,300 employers last year were offering some form of child care assistance, compared to 600 in 1982.

Last June, the Senate passed the Act for Better Child Care Services, which allocates \$1.75 billion in grants to states for subsidies. The House passed a similar bill in October, but joint legislation has yet to pass.*†

- Child care, flexible hours, prenatal provisions and parental leave have become benefit hot buttons, as more women draw a paycheck: by the year 2000, as many as three-fifths of all eligible women could be in the work force, compared with around 45 percent last year.*

- In 1990 there are 20 people over the age of 65 for every 100 aged 18 through 64; that number is expected to shoot up to 30 per 100 by the year 2020. Elderly care, then, has arisen as one of the newer benefits being sought. This is especially significant because, according to Sen. Jay Rockefeller (R-W. Va), chairman of the Bipartisan Commission on Comprehensive Health Costs, half of all health care costs—which totaled \$600 billion in 1989—are spent in the last three months of an average person's life. Currently, an estimated 200 major employers are now providing aid to employees who care for aging relatives.††

- More workers and their employers are taking it upon themselves to build up a retirement nest egg. In 1988, 27.5 million workers—nearly a quarter of all employees—were covered by their companies' 401(k) pension plan, compared to 7.1 million in 1983. Of that total, 56.9 percent chose to participate by contributing through payroll deductions, compared to 34.5 percent five years earlier.††

Sources:

†The Conference Board; ††Employee Benefit Research Institute; *The American Hardware Manufacturers Association

and I think these will probably diminish because the government will find some way to tax them," explains Earl Rasmussen, treasurer for the 42-unit Menard Cashway chain based in Eau Claire, Wis.

Some dealers, like Levy of Levy's Lumber, believe further taxation on benefits would be political suicide for elected officials. But the majority of dealers NHCN interviewed is convinced some form of benefits tax is inevitable. What's surprising is that these same retailers don't see this as necessarily a bad thing.

"If all benefits are taxable, then you're not going to want things you don't use," says the benefits manager for a New York-based dealer that is investigating providing some plans, such as dependent care repayment, under 125.

"As you begin to shift your costs to employees, more of them become aware of the value of benefits, and are more cautious about using them," adds G.

Richard Russell, president of the three-store Millard Lumber in Omaha, Neb., whose 200 employees can pay into a "flexible spending account" for dependent care and some medical.

Government to the rescue?

But offering benefits under Section 125 doesn't eliminate the financial risks for employers completely. Under new regulations covering all medical reimbursements, an employer has to set aside and have available 100 percent of what it would take out of a worker's paycheck for the full year.

"There's company risk associated with 125s," says Paul Van Dyne, director of compensation and benefits for Payless Cashways, the 195-unit chain based in Kansas City, Mo., which has one of the more extensive benefits programs in this industry.

In fact, Van Dyne says his company hasn't developed a day care plan because most employees, especially those in the lower income bracket, can get higher payback through the Dependent Care Tax Credit on their income tax forms.

Gerry Boschwitz, the president of Plywood Minnesota in Minneapolis, refers to providing child care under 125 as a "nightmare to administer." But the 13-unit company now complies with new Internal Revenue Service rules that allow up to \$5,000 of an employee's pretax income to go towards child care expenses.

As these two examples indicate, retailers are looking toward federal, state and local governments to provide benefits and services that are paid for out of general revenues by the entire populace.

Holmes Lumber, mentioned above, is able to contemplate discontinuing its employee health care coverage because, says personnel manager Horne, the county currently provides free hospital and out-patient services. "Some of our employees, in fact, won't work past a certain number of hours so they don't disqualify themselves from county benefits," she says.

The aforementioned EBRI/Gallup survey found that 69 percent of those polled would be willing to pay \$50 more in taxes annually for government-supported child care programs; 21 percent would pay \$200 or more. Government assistance, in the form of subsidies or tax breaks, is seen by some dealers as essential in the area of health, whose costs are becoming more than many companies can bear and are affecting employers' ability to offer other benefits.

These costs have led to a deterioration in the provision of health care nationwide: currently, between 31 million and 37 million workers have no medical coverage; 40 percent of these are employed by companies with 25 or fewer employees.

"While I don't expect the government to do much more, I don't think it will tolerate this number of uninsured employees walking around now," says Van Dyne of Payless.

"There will be enormous changes in medical care and delivery in the '90s, and I foresee a strong move towards mandated coverage and, probably, rationed services," predicts the New York-based retailer. "Maybe like they have in Canada."

The Canadian system covers all hospitalization and major medical through corporate and individual taxation. However, this hasn't led necessarily to a reduction in costs to employers. According to Donna Luke, manager of compensation and benefits for Beaver Lumber, Canada's largest building materials chain, the Ontario Health Insurance Plan (OHIP) on Jan. 1 eliminated the premiums it charged individuals and replaced it with a higher tax on employers.

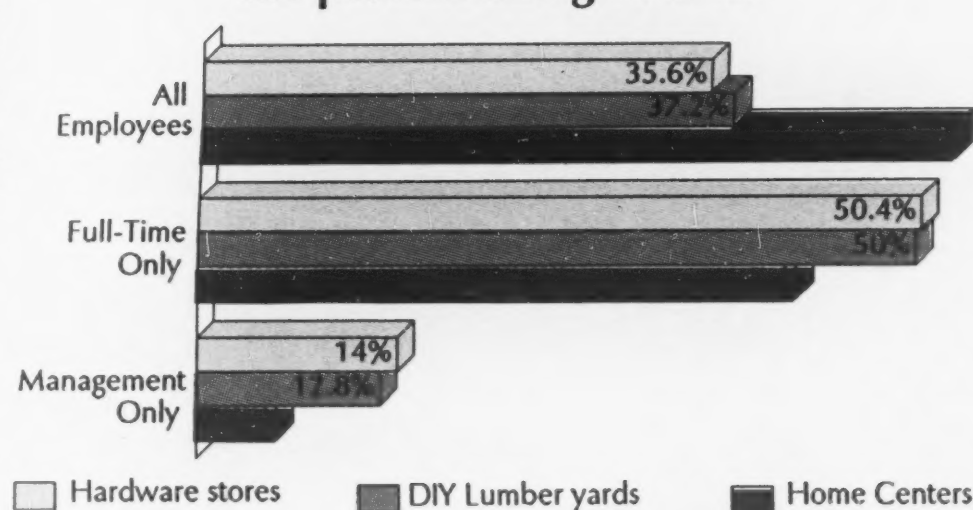
Any provision of benefits by the government inevitably would lead to increases in paperwork, some-

Most hardware stores, home centers and lumberyards usually provide their employees with major medical insurance, as well as other benefits that include paid vacation days. But they are far less likely to provide benefits for dental or eye care, disability, life insurance or profit sharing, according to the 1989 *Compensation Study*, recently released by the National Retail Hardware Association, which culled data from 1,072 hardware stores, 84 home centers and 243 lumberyards nationwide.

The study also evaluates comprehensively such benefits as paid vacation days for full- and part-time employees, merchandise discounts and hourly wages by store type, geographic location and annual sales. It found that home centers appear to be a bit more generous than their counterparts in providing certain benefits, and that the more sales a store generates, the more benefits employees can expect.

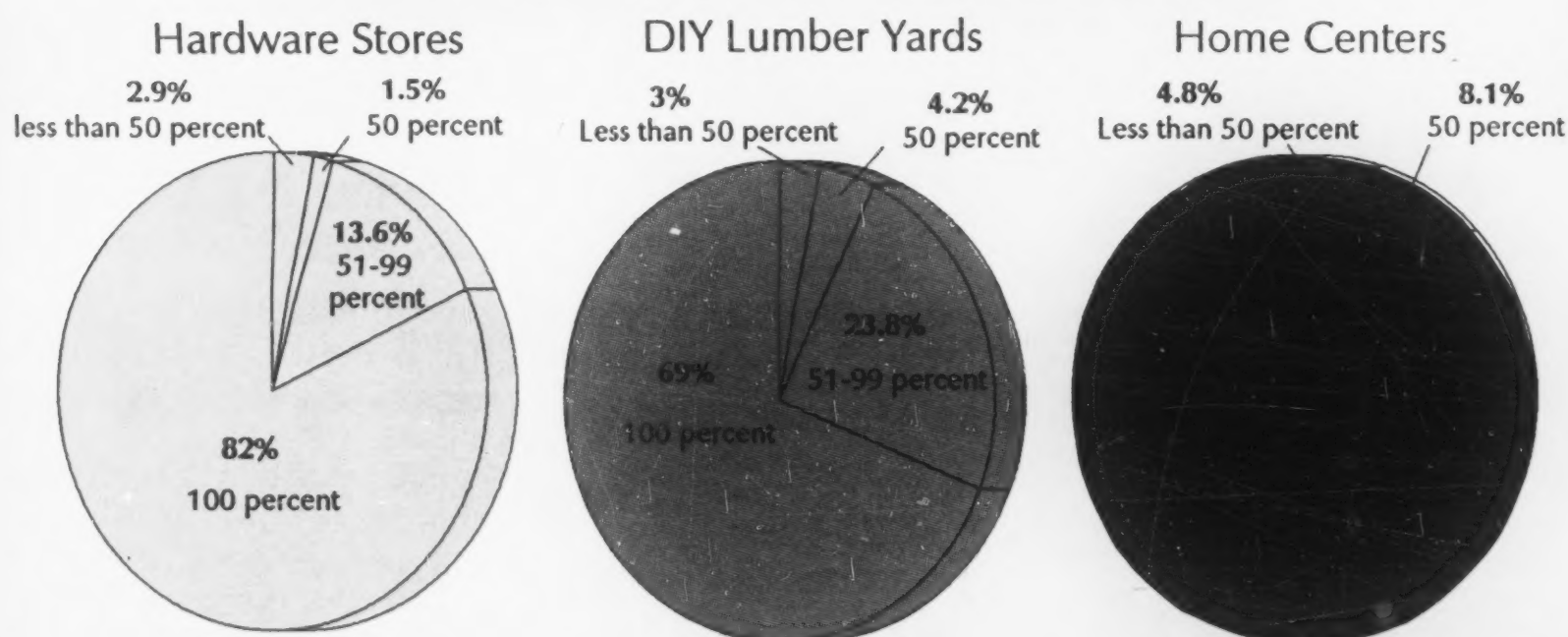
Less than 20 percent of all stores polled offer employees profit sharing. However, 53 percent of the home centers queried provide this benefit, compared to 13 percent of hardware stores and 40 percent of lumberyards. Even fewer stores—17.2 percent—provide a pension plan to workers, although more than half of the home centers in the survey have this benefit.

Of the stores that offer profit sharing, the percent that give it to:



Source: National Retail Hardware Association

Disability Insurance (percent paid)



Source: National Retail Hardware Association

Nearly three-fifths of the home centers polled provided some disability coverage, compared to only about one-fifth of the hardware stores and two-fifths of the lumberyards. This corresponds to data showing higher volume stores more likely to provide disability: 56 percent of stores with annual sales of \$5 million or more offer the coverage, compared to only 37 percent of those with sales between \$1 million \$3 million.

thing dealers definitely would balk at, based on their opposition to Section 89, which would have forced them to justify giving higher-paid employees more benefits. That bill was vetoed by President Bush, but some in Congress are seeking new life for the regulation.

The uncertain future

Regardless of what the government does, it appears that in the next 10 years and beyond, retail employers will be passing more of the cost for many of their non-health care related benefits to employees, while imposing tighter controls on employer-funded medical plans.

"What we want to do," says Russell of Millard Lumber, "is to guarantee that an employee isn't wiped out by a catastrophe; but for lesser medical

problems the employee is going to have to pick up more of the cost."

"The No. 1 thing is medical care, which will determine what we can do with the rest of our benefits," adds Van Dyne of Payless, who explains that his company in January finalized its listing of Preferred Provider Organizations (PPOs) from which its employees in different states can choose. "We're developing partnerships with physicians and providers on those lists so our costs can be stabilized and everyone wins."

More companies' medical plans are self-funded, which gives them cost control and flexibility to write their own coverage. TAPJAC is also looking to rein in medical costs through the "case management" approach, where specific illnesses are individual-

ized, and the severity of the illness determines the extent of employer coverage.

The chain currently is looking into a plan of this nature for prenatal care, according to vp-finance Stan Schmidt, who also foresees the need to develop some kind of benefit to bridge a retired employee's medical insurance and his eligibility for Medicare.

There appears to be a consensus among retailers that while some benefits are simply too extravagant for their companies to fund completely, health care is not one of these, particularly in retailing, which, on average, has some of the lowest-paid employees of any industry sector.

"In retail, most people don't make a lot of money, so we're resisting these kinds of payroll deduction solutions," said the New York retailer. ◆

HMOs squeeze in on the competition

By Tom Neven

NATIONAL REPORT

— If you thought you had a problem with escalating health insurance premiums, consider being forced by law to dilute your insured-risk pool, guaranteeing even further premium hikes.

Under Section 1310 of the federal Health Maintenance Organization (HMO) Act of 1973, any HMO can walk into a company and "mandate" that it take their business if it:

- Employs more than 25 people;
- Is subject to minimum wage laws, which means just about everyone but the U. S. military;
- Currently provides and contributes toward health benefits, and, most important;
- Receives "timely and written" notification from a federally qualified HMO operating in a geographic region where at least 25 of its employees reside.

the younger and healthier employees.

Consequently, the risk pool for the traditional health care plan is not only smaller, but it contains greater "risks" to the insurance company, further incentive for it to jack up prices.

This is exactly the situation being faced by Somerville Lumber, the eight-store chain in Waltham, Mass. It currently carries a 100 percent coverage policy by Blue Cross, but a local HMO is now "mandating"—the term for demanding business—with the company.

Somerville is the victim of heated competition in Massachusetts between Blue Cross and many HMOs. It dumped one HMO and switched to Blue Cross last September, and within a month yet another HMO sent its notice.

"We were able to beat them for one year, but now we have to take them," says

Being forced to take on an HMO, despite lower premiums for certain employees, tends to mean a larger bill for the company as a whole.

"Timely" is defined as "not less than 180 days and not more than 365 days prior to expiration of a current health insurance policy," according to Betty Ball, compliance officer in the office of prepaid health care at the Department of Health and Human Services in Washington.

Intended to spur competition, the law presents a problem for businesses in that being forced to take on an HMO, despite lower premiums for certain employees, tends to mean a larger bill for the company as a whole.

Attractive to the healthy

HMOs, by their very nature, have built-in costs savings. First, their risk pool is usually rated geographically, not by company. The larger the risk pool, the lower the premium.

Moreover, HMOs usually don't have deductibles and are more attractive to those who use health care services the least, usually

Ed Burke, Somerville's controller.

He adds, though, that he would wait to see what the premiums would be before deciding on a strategy; Burke fears premium hikes for the Blue Cross policy as a result of the smaller risk pool. But, he is willing to wait and see if the HMO is even a better plan than Blue Cross.

Not all retailers are bothered by this HMO law, though.

Jim Summers, director of compensation and benefits for Wickes Lumber in Vernon Hills, Ill., says that HMOs haven't had a big impact on his company primarily because "we're [mostly] in a self-funded environment and [HMOs] can't compete with the costs."

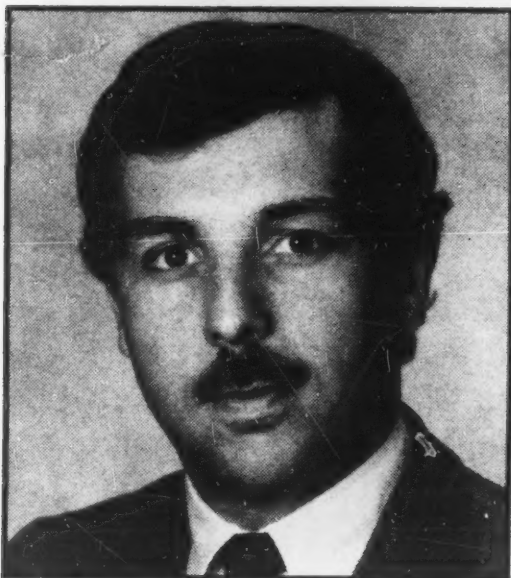
"Plus, we're all over the U.S., [Wickes has 195 stores in 33 states] and most of our stores will have 13 to 20 employees, so it's just not worth it for HMOs to come in here." ◆

Dealers find labor scheduling promotes productivity

By Jay Scansaroli

When Atlanta's Home Depot instituted a labor scheduling program several years ago, it was taking a step that has become more common in home center chains throughout the nation.

"The reason for the system is not necessarily to reduce payroll, but to schedule payroll at the best times to maximize its productivity," says Ronald M. Brill, chief financial



Jay Scansaroli

officer, for the \$2 billion chain with 17,000 employees.

Modern labor scheduling techniques are being used by many smaller dealers, too. For several years, H&H Home Center, a \$7 million operation in Seaside, Calif., has recorded its hourly rate of transactions.

The retailer then schedules cashiers to handle the volume of customers anticipated to flow through the registers throughout the day.

"This is a big area for us," says Mike Cole, general manager for H&H, which employs 61, 14 of whom are cashiers.

More scientific approach

Many retailers are discovering that, by reviewing labor standards, they can serve customers well and help harness labor costs. Retailers use time studies, videotaping and data collected from POS terminals to determine exactly how much time is spent performing various tasks.

For instance, Home Depot is now designing a computer-based system to make its labor management even more effective by expediting the labor study results to regional managers.

The system, which should be operational by May, will move the data from stores' computers over telephone lines to the chain's Atlanta headquarters. The calculated results then go back to region-

al offices via satellite.

Brill does offer a caveat to home centers thinking of refining their labor scheduling: "It's not as easy as it sounds. If you get too complicated no one understands it and it doesn't work."

But armed with such info, a retailer can figure out how many cashiers are needed per store, at every hour, to guide customers through checkouts quicker.

Home Depot uses time studies to assess how effectively employees allocate their time among various store functions. Cashiers, for example, are monitored to see how much time is spent in activities that retailers like Brill call "settling and greeting" customers, to see how long a sales transaction actually takes.

"We try to relate everything to sales," he says. If sales levels vary significantly among different stores, Brill might examine how much time each unit's personnel spends unpacking cartons. This way, a retailer can see if the receiving process is affecting customer service.

Cost savings significant

"Our growth is related to the excellent service we have," he explains. To provide that service, the stores must have the right number of employees doing the right things at the right times.

Payroll can be one-half to three-quarters of a dealer's total operating expenses, so managing the work force effectively is vital. Suppose a 100-store chain incurs an average of 2,000 hours worked per week, per store. If that chain experiences even a 1 percent loss in efficiency, that equals 104,000 hours per year. That's a waste of more than 50 full-time people, not to mention payroll dollars.

We've worked with a retail chain with sales of \$130 million from stores in 10 states that knocked off \$1.1 million from its annual \$28 million labor bill through a program that custom fit labor coverage to its individual stores.

No wonder retailers are reviewing labor costs in such areas as checkout, receiving and the sales floor.

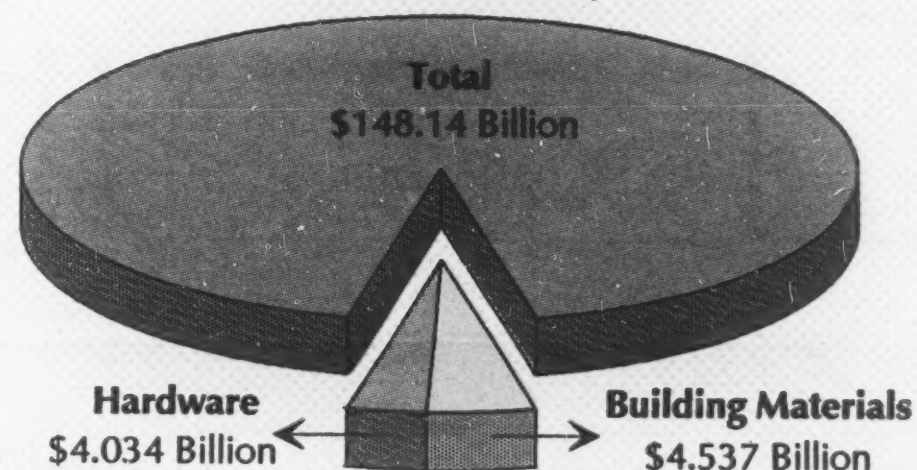
—Jay Scansaroli is a partner with Arthur Andersen & Co., a New York-based accounting and market research firm.

Retail and wholesale sales of hardware and commodities fell marginally, on a seasonally adjusted basis, in November compared to the same month in 1988. But the housing market continues to deteriorate. The actual number of homes built in 1989—1.37 million—and single family units—904,000—was the lowest in seven years. The National Association of Home Builders estimates that home building will be flat this year.

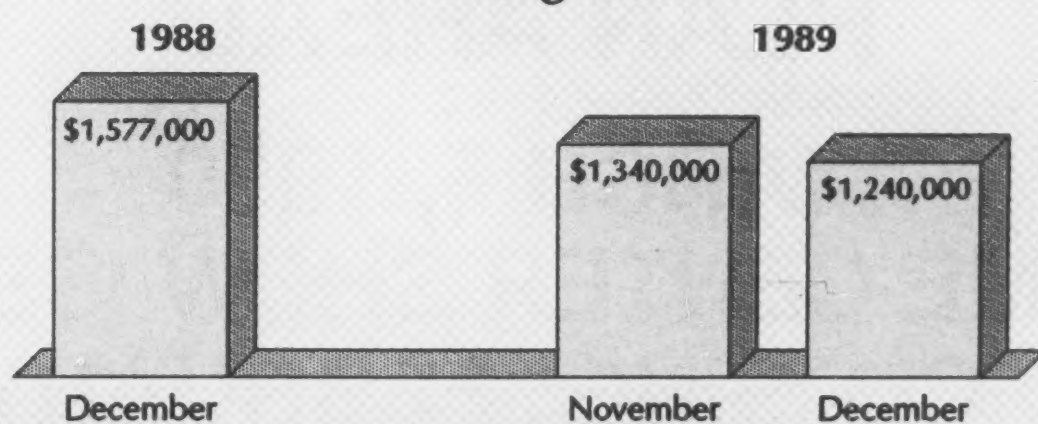


Wholesale Activity

November 1989 (p)



Housing Starts



Housing Affordability

	National Total		By Region (Nov. 1989) (p)			
	NOV 1988	NOV 1989 (p)	NE	NW	S	W
Affordability Index Composite*	112.5	105.8	75.2	138.1	109.2	69.8
Median Price Existing Home	\$88,500	\$93,000	\$145,800	\$70,900	\$82,400	\$150,200
Average Mortgage Rate	9.48%	10.12%	10.17%	10.23%	10.13%	10.04%
Payment as Percentage of Income	22.2%	23.6%	33.2%	18.1%	23.3%	33.8%
Median Family Income	\$32,191	\$33,482	\$37,481	\$33,629	\$30,778	\$35,429
Qualifying Income	\$28,526	\$31,657	\$49,838	\$24,356	\$28,072	\$50,786

*The affordability index is based on the five criteria listed above.

Source: National Association of Realtors

(p) Preliminary figure

NHCN chart

Weyerhaeuser halts support of rebates

(Continued from page 1)
they require them to offer discounts once the co-op exceeds a certain threshold in its purchases; the discounts are then passed on to dealers in the form of cash rebates while the co-op retains some money to cover operating expenses.

Other suppliers complain that the co-ops have come to rely on the distributors to do the selling and the marketing of the product as well.

The co-ops defend the programs as necessary to the survival of dealers. Reached last month, the major buying groups were determined to find replacements for Weyerhaeuser as they challenge the company's plan—laid out in the December letter—to circumvent them and attempt to sign dealers directly.

"I've told all my members to switch their billing to Georgia-Pacific," said Ray Treen, vp-building products for the Fort Wayne, Ind.-based Hardware Wholesalers Inc. Its 2,800-member dealer base purchased roughly \$60 million from Weyerhaeuser distribution last year.

"As far as I'm concerned, [Weyerhaeuser] has written us off, so I've written them off," said Treen, whose company at one time was Weyer-

haeuser's largest customer.

Bernie Day, ServiStar's general manager of building materials, was still attempting in mid-January to convince Weyerhaeuser that they made the wrong decision. The Butler, Pa.-based buying group, with 3,700 members, purchased some \$50 million from Weyerhaeuser in 1989.

"I don't think they fully understand the magnitude of the decision in terms of lost business," he said.

Big numbers at stake

Of the four major hardlines buying groups, ServiStar and HWI generate the most sales from building materials. Dealers affiliated with the latter made \$500 million in purchases (50 percent of the co-op's overall sales) in 1988; ServiStar's dealers bought \$495 million (46 percent of sales). Dealers belonging to the Cotter co-op bought \$125 million in commodities in 1988; those with Ace \$104 million.

Cotter, which has no rebate program, expects no disruptions in its vendor relations. Ace, however, does have a program, of which 10 percent of purchases have been supplied by Weyerhaeuser, according to Ace's marketing manager for lumber and build-

ing materials Bob Maurer.

He added that even before Weyerhaeuser made its announcement, Ace, which recently opened a lumber warehouse in Beaverton, Ore., was planning to step up mill-direct shipments from Weyerhaeuser's mills in Washington state.

But for those without the ability to receive direct shipments, regional distributors are certain to take on increased significance. Treen of HWI, for example, said mid-western distributors such as Hager, Arling, Babcock and International Paper will be getting more of the co-op's business.

The largest benefactors, however, could be major concerns like Georgia-Pacific, which has 143 DCs; Sequoia Supply, with 46 DCs, and MacMillan-Bloedel, with which a number of the co-ops have set up distribution arrangements.

"We have found that our co-op customers are among the best and most supportive we have," said Sam Gaddis, Georgia-Pacific's director of national account sales.

Sequoia, based in Irvine, Calif., recently acquired the building supply conglomerate Grip-Rite (see story, page 3),

whose many divisions serve to fill gaps in Sequoia's national reach. Grip-Rite's main concern is nail production, but its subsidiaries sell a variety of materials, including paneling and roofing materials.

Who's doing the work?

"Obviously, HWI will want to talk about nails," said Sequoia's national accounts manager, Rick Kost, who was looking to sign more co-op business. He explained that until now, Weyerhaeuser has supplied this product to many of the co-op's dealers.

Kost said he supports the rebate programs, that they are a reality of doing business. In return, he said, the co-op provides him, in effect, low-cost advertising by promoting his products among dealers.

However, the abovementioned Northeast supplier insisted the co-ops really don't help his business enough to justify give-backs. He said it is still his own salesmen that must push products to each individual dealer.

"The only thing the co-op does is give you a hunting li-

cense," said the supplier. "The rest is up to us."

Maurer of Ace and others disagreed with this assessment. The Ace official said his regional representatives also promote suppliers products. Still, he lamented, "We obviously didn't convince Weyerhaeuser of our worth and that's a shame."

Whether or not others will follow Weyerhaeuser's decision remains to be seen.

Furman compared Weyerhaeuser's making the first move to "a friend who stands in the middle of the road. If he doesn't get run over, you join him."

At the very least, said Al Leitschuh, executive director of the National Building Materials Distributors Association (NBMDA), the move will cause all commodities suppliers to re-evaluate their dealings with co-ops. "I think everyone is going to look at what Weyerhaeuser did very carefully," he said. "We'll see about the outcome."

Leitschuh added that he saw "nothing wrong" with the Weyerhaeuser move.

Index of Companies in This Issue

Ace Hardware	30,53	Grip-Rite	3,53,54	Philipsburg Utilities Co.	54
ACO Hardware	15	Grohe America	54	Plunkett-Webster	9
Allied International	4	Grossman's	9	Ply Gem	4,54
Allied Plywood	4	Guardian Purchasing	54	Plywood Minnesota	42
American Standard	32	Hager	53	Price Pfister	34,54
Arax Products	36	Handy Andy	3,42,45	PrimeSource	3,54
Arling	53	Hardware Wholesalers, Inc.	2,53	Rickel	4
B & K Industries	36	Hechinger	45	Robertson Cos.	3,30
Babcock	53	H&H Home Center	50	Scherer Brothers	42
Barks Hardware	54	Holmes Lumber	41,42	Scotty's	4
Beaver Lumber	42	Home Depot	1,4,9,50,54	Sears	2,4,28
BJ's Wholesale Club	51	Home Owners Bargain Outlet	45	Sequoia Supply	3,53,54
Black & Decker	26,28,30	Home Quarters Warehouse	9	ServiStar	3,4,15,54,53
Blazer Products	15	HomeClub	45,51	Simon Stores	4,54
Bosch	15	Home-Tech Inc.	52	SK Hand Tool	26
Botello Lumber	9	International Paper	53	Skil	26,28
Builder Marts of America	45	Irwin Company	15	SNE Enterprises	54
Builders Emporium	45	Kohler	32,54	Somerville Lumber	42,43
Catalina Lighting	6	Kurfs Coatings	4	Southshore Lumber	54
Central Suppliers	9	La Mirada	51	Stanley Works	30
Chicago Specialty	32	Lakeview Lumber	54	Star Lumber	2,15
Concord Lumber	9	Lee/Rowan	34	Sterling Plumbing	32
Cooper Tools	26	Levy's Lumber & Building Centers	42	Stonington Lumber	9
Cotter & Co.	4,53	Lowe's	2,3,30	Strober	3,30
Cowan Ace Hardware	2	MacMillan-Bloedel	53	Supermarkets General	4
Curtis Lumber	9	Makita	28,51	Sutton Holding Company	4
Devis Home Center	2	Masco Corp.	51	Sutton Siding and Remodeling	52
Delta	36,51	Menard Cashway	42	TAPJAC	42
DeSoto Inc.	4	Merillat	51	Therma Tru	32
Diamond Lumber	4	Metropolitan Wholesale Supply	54	Thompson Enterprises	41,42
Dixieline	3	Mid-American Distributing	54	Tool King	15
DIY Home Warehouse	3	Millard Lumber	42	Trade Associates	51
Douglas Homes	52	Miller Supply	54	Triangle Building Centers	45
Eljer	32	Mitsubishi	34	Tuxis Lumber	53
Elliott's Hardware	3	Mr. Goodbuys	1	20th Century Company	32
Erb Lumber	3,4	Nibco	32	United Forest Products	45
Fagen Lumber	52	Orchard Supply Hardware	40	Waban Inc.	51
Furman Lumber	1	Owens-Corning Fiberglass	30	Wal-Mart	4
Georgia-Pacific	1,53	Pan American Building Materials	54	Weiser Lock	51
Goldberg Plywood & Lumber Co.	4	Pay 'N Pak	2	Westlake Hardware	2
Goldberg/Allied	4	Payless Cashways	30,42,51	Weyerhaeuser	1,53
Goldman, Sachs & Co.	4	Peerless	51	Wickes Cos.	54
Great Neck	26	Pergament	1,6	Wickes Lumber	42,43

Advertisers Index

Boldface denotes reader service number			
American Stone Mix	37, 29	Hunter Co.	11, 12
American Tool Co. 14, 14		ICL	33, 25
Andersen Corp.	56, 40	Idaho Timber Co.	51, 37
Arax Products	16, 15	Keller Industries	46, 35
Buck Work-Man	32, 24	Keystone Franklin	25, 17
Central Builders Supply	30, 22	Knap & Vogt	17-24, 16
Chevron Chemical	36, 28	Knauf Fiber Glass	9, 9
Cole Sewell	45, 34	Kraftmaid Cabinetry	40, 31
Cooper Tools	29	Lane Publications	53, 38
Credo Co.	28, 21	Larson Mfg.	6, 5
Custom Leathercraft	9, 11	Lee Rowan	34, 26
Dutch Boy	8, 6	Macco Adhesives	51, 36
Freud	26, 19	Makid Electronics	6, 6
Giddens & Co.	6, 3	Marville Building Materials	38, 39, 30
Gruppo Ratti Silvio	9, 10	National Mfg.	55, 39
		National Store Fixtures	6, 2
		Royal Rubber	25, 18
		Rubberset	35, 27
		Skil Corp.	27, 20
		States Industries	44, 32
		Steel City Corp.	13, 13
		Titon Industries	6, 4
		W.W. Henry	44, 33
		Waxman Industries	5, 1
		WD-40	7, 7
		Wen Products	31, 23

This index has been compiled for the convenience of our advertisers and readers. While every precaution is taken to prevent mistakes, the publishers cannot be held responsible for errors or omissions.

National Home Center News (ISSN 0192-6772) is published 23 times a year, twice a month, monthly in December, beginning with the second Monday in January; by Lebhar-Friedman Inc., 425 Park Ave., New York, NY 10022. Subscriptions are available at no charge to qualified retailers and wholesalers of lumber and building supplies and hardware. Paid subscriptions are available to nonqualifying retailers and wholesalers, and to manufacturers and others at \$69 per year in the U.S.; \$79 per year to Canada; \$219 per year to all other countries (air mail only). Group subscriptions available in the U.S. (1-4 copies, \$69; 5-19 copies, \$64; 20 or more copies, \$59). Single rate copy is \$3 except last two May issues (Annual Census Issues) \$30 each, \$50 for both.

Second class postage paid at New York, N.Y., and additional mailing offices. Vol. 16, No. 3, Copyright© 1990 by Lebhar-Friedman Inc. All rights reserved. Postmaster: Please send address changes to Subscription Dept., National Home Center News, 305 Madison Ave., Suite 535, New York, N.Y. 10165-0079. For change of address six weeks is requested. Give old and new address and zip code. If possible, enclose address portion from cover on previous issue.

Vol. 16, No. 3

February 5, 1990

The most profitable products you can sell are ideas and know-how

You can convert a customer's faucet repair into a kitchen remodel, a concrete patching job into a new deck, or a storage project into a room...

Simply capture their imaginations with project ideas, then provide them with the how-to skills. We do both.

Sunset

BOOKS & VIDEO

The most trusted name in d-i-y information

Call 1-800-227-7346/In California 1-800-321-0372

Circle 38 on Reader Service Card

CS150-6

00257755
MS J RANNE LONG
CONG. RESS. INFO. 135
4520 MISSISSAUGA
BRITHESDA
WEST-HIGHWAY/ST 800
MD 20814
**

National Home Center News

SECOND CLASS

Vol. 16, No. 4 S3 a copy The newspaper for retailers serving homeowners and contractors. Published by Lebhar-Friedman Inc. February 19, 1990



Part-Timers fill the workforce void 35

Home Depot's 1989 sales to top industry, analysts estimate

By an NHCN staff editor
NEW YORK — The Home Depot is expected to supplant Lowe's Cos. as the industry's largest chain in sales, based on 1989 results, according to Wall Street analysts.
The Atlanta-based operator of 118 warehouse-sized home center stores in 26 states reported net sales of \$2.758 billion for fiscal 1989, ended January 28, 38 percent more than in fiscal 1988.
A spokesman at Lowe's said that their sales results for fiscal 1989 would not be available until March 5. But several investment analysts that specialize in the N. Wilkesboro, N.C.-based chain believe that its sales will fall short of Home Depot's.
"I've got Lowe's at between \$2.64 billion and \$2.65 billion for fiscal 1989," says Don Trott, an analyst at Dean Witter who covers Lowe's. Drexel Burnham analyst Ruth Kelter estimates Lowe's net sales will fall around the \$2.6 billion mark for the period.
Robert Curran, who follows Lowe's for Merrill Lynch, estimates its 1989 sales to be \$2.648 billion, based on its 9-month earnings numbers combined with monthly estimates for November, December and January.
And Curran sees Home Depot pulling further away. "Lowe's will see healthy growth in its retail business—around the high single digits—but its professional customer sales, which are 36 percent to 38 percent of their business, will be flat this year," he says. ♦

Denny designs start-up 'Builders Express' to pinpoint smaller markets

By an NHCN staff editor
SAN ANTONIO, Texas — Frank Denny's hiatus from the home improvement industry apparently will be short-lived.
The founder and chairman of Builders Square who resigned from that chain last year, Denny is proposing to start up a new venture called Builders Express.
The 54-year-old Denny will be chairman of what is fashioned to be a chain of as-yet-unnumbered home improvement stores aimed at dominating markets of under 200,000 people, much the same way the discounter Wal-Mart controls a good chunk of America's rural market.
The company had yet to secure any

sites by the first week of February. "A number of leases are being negotiated," said Sean Lee, the former W.R. Grace and HomeClub executive who will be president of the new venture.
Because of a non-compete clause in Denny's contract with Builders Square's parent K mart prior to his departure last year, Builders Express units will not "open in markets which will impede that agreement," an industry source said. That contract, this source said, expires in a year.
When Denny was running Builders Square, real estate officials from that chain and K mart expressed interest in operating in smaller markets with downsized versions of Builders Square units.



Frank Denny

The vendor letter, read over the phone to NHCN by Lee, who said it was sent out Jan. 13, outlined the venture whose stores will specialize in brand name merchandise sold at
(Continued on page 53)

By Gary Ruderman
NATIONAL REPORT
— Private agreements between western Canadian spruce mills and Canada's largest railroads may increase prices of lumber coming to both U.S. and Canadian markets, according to wholesalers who say the accords unfairly threaten their businesses.

Canada lumber controversy

The legal agreements, signed within days of Canada's rail deregulation Jan. 1, effectively eliminate volume freight rates to wholesalers in favor of confidential rates just for Canadian spruce mills, predominantly in British Columbia. This arrangement, wholesalers say, allows mills to boost prices by as much as \$13 to \$15 per thousand board feet.
When wholesalers had the same contracts as the mills, officials explained, rebates for volume ship-

Wholesalers: mill-railway pact hikes prices

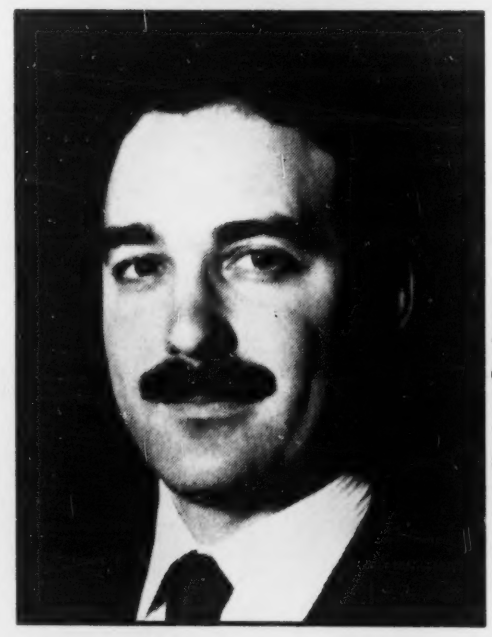
ments were supposedly passed onto retailers and other customers. Now, wholesalers charge, mills are pocketing that rebate.
Instead of using a published rate of \$60 per thousand board foot for shipping spruce from British Columbia to Chicago, for example, wholesalers contend railroads are signing non-public agreements at \$57 or \$58 per thousand board foot.
Critics of the private agreements fear the following consequences:

- mills will play favorites, passing on rebates to some wholesalers and not to others;
 - mill salespeople will invade a wholesaler's accounts, offering the rebate as an inducement for direct shipments, and
 - with a consolidation in the Canadian mills, the remaining companies have created profit centers out of distribution centers and will seek larger, retroactive rebates.
- A recent episode of this tale blew through the U.S. Feb. 2, when anticipated rate reductions for four southeastern U.S. markets from Canada's premier shipper, Canadian National Railways, Ltd., did not appear. According to *Random Lengths*, the forest industry newsletter, both wholesalers and retailers in the south-

(Continued on page 13)

David Cohen walks away from Somerville

By an NHCN staff editor
WALTHAM, Mass. — David Cohen, 35, president and chief operating officer of the Payless Cashways subsidiary Somerville Lumber, left the company on Feb. 3, following a week's leave of absence.
Harold Cohen, 59, will take back the responsibilities and titles he passed on to his nephew nearly three years ago. At the time, Harold had given up the duties to become co-chairman with



David Cohen

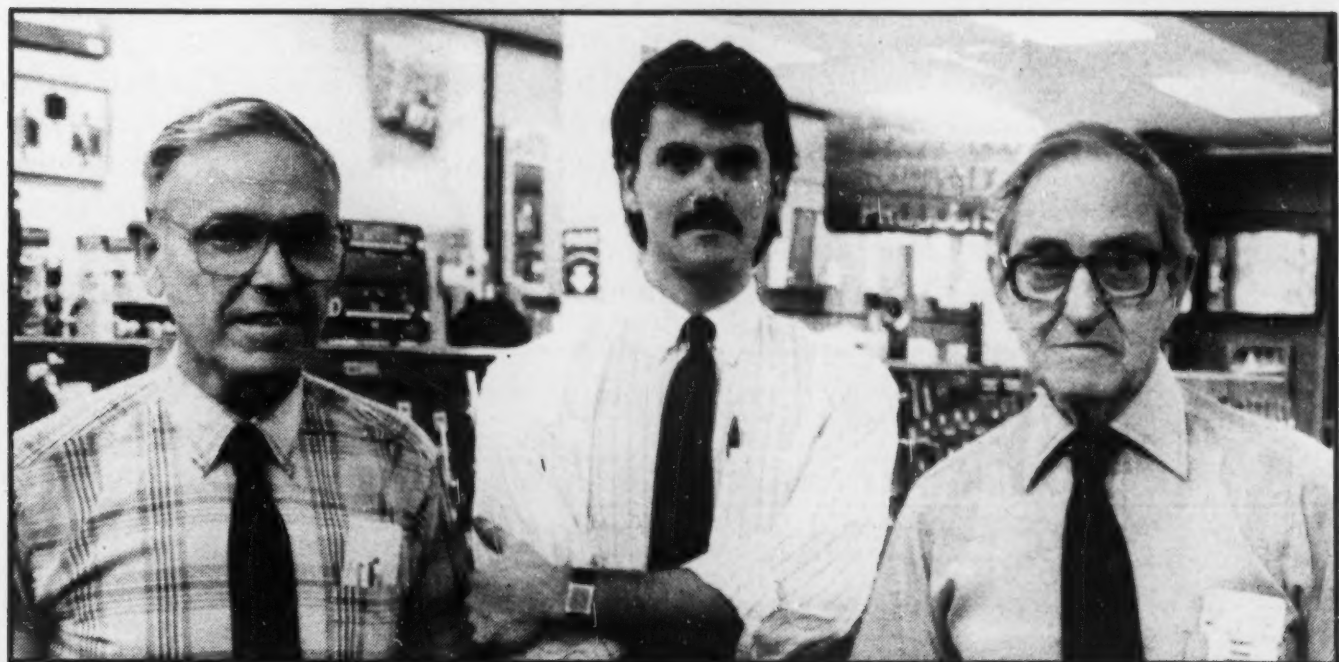
his brother Melvin, 67. The latter remains in that post.
Employees at the eight-unit Somerville were told that David left due to personal reasons. He could not be reached for comment.
Harold Cohen, while declining to give reasons for his nephew's departure, said: "David has left and I regret that very much. It leaves a void."
"We are not only a business but have been a business that is run by family for

many years."
Neither David Stanley, chairman and ceo of the Kansas City, Mo.-based Payless Cashways, nor president Larry Kunz were available for comment.
David Cohen, appointed president on April 1, 1987, had spent 12 years at the company.
Most recently, he oversaw the opening of Somerville's 336,000-square-foot, \$20 million distribution cen-

(Continued on page 53)

Lloyd to close up shop; Sherman leaves B&D —page 56

Oldest employee, ex sole proprietor, marks Pleasants' 75th anniversary



Pleasants owner and oldest employee James Hatcher Sr. (right) with James Hatcher Jr. (left), company president and James Hatcher III, director of purchasing and advertising.

By John Sinisi

RICHMOND, Va. — Valentine's Day marked the 75th anniversary of Pleasants Hardware, and the 93rd birthday of the company's former sole proprietor and oldest employee.

James Hatcher, Sr. was hired by founder H. A. Pleasants in 1915. They

worked together until 1952, when Pleasants sold his half of the business to his first and most trusted employee.

Hatcher kept the recognizable Pleasants name and its motto, "Most Anything Since 1915," and built the one-store operation into a \$23 million company. Hatcher sold Pleasants

to Richmond-based spice manufacturer C. F. Sauer & Co. 13 months ago who now operate Pleasants as a wholly owned subsidiary.

Hatcher instilled in his employees the same desire for quality service that Pleasants instilled in him 75 years ago.

"When we first opened the doors, Mr. Pleasants told me, 'When that first person comes in here, we have to give him the best help we can, even if he only wants a pound of nails.'"

The owner was joined in the festivities by James Hatcher Jr., 66, the company president, and James Hatcher III, director of the store's purchasing and advertising departments.

As the company moves into its fourth quarter-century, Hatcher Sr.'s progeny have definite ideas on the direction the company should take in order to survive the next 25 years.

"We're in the earliest stages of considering expansion into the consumer side of the business," says president Hatcher Jr., who notes that retail transactions comprise 20 percent of the company's business. "In order to cover our market, we're going to have to move in that direction quickly."

That aside, Hatcher Jr. points out that the store is doing roughly 2,000 transactions a day, "which is not bad for opening at 7:30, closing at 5:30, and staying closed on Sundays," he says. ♦

Knox Lumber's new ad campaign to debut price and item ads



Knox Lumber projects its marketing theme, "The Right Stuff," in its Eagan, Minn., unit.

By an NHCN staff editor

ST. PAUL, Minn. — Knox Lumber's first ad campaign with its new agency breaks Feb. 20 in the Twin Cities markets.

The new radio and TV campaign, aimed at repositioning Knox's stores as project centers, will be the 11-unit chain's first major use of vendor cooperative funds for TV advertising, says John Foley, a partner in the Twin Cities agency Case Foley Sackett, which capped the Knox account last month.

For the first time Knox will feature price and item ads in its TV commercials, but Foley insists the use of products—where Knox used to push image—won't cheapen either its image or the quality of the chain's award-winning ads.

He would not go into what the commercials would look like, but said they would retain the "style and tone" of the past with a new positioning of Knox as the "project center."

Case Foley Sackett, a four-year-old agency, won Knox's business after the home center chain's longstanding agency—Fallon, McElligott, Rice—resigned it. It was a mutual and agreeable split, said Mike Carver, vp and gm of Knox.

Those close to the chain and agency said Fallon, McElligott, Rice—which started up with Knox back in 1983—felt it accomplished what Knox

Grossman's reports bright fiscal '89 picture

By an NHCN staff editor

BRAINTREE, Mass. — Grossman's bucked the weakened New England economy and turned in one of its better profit performances in recent years.

The 156-unit chain reported net income of \$15.8 million on sales of \$1.05 billion for the year ended Dec. 31, 1989. The profit represents a 19.2 percent improvement on 1988's bottom line of \$13.2 million.

Total sales, however, reflect a 7.8 percent decline from last year's total of \$1.14 billion. That figure includes the sales of the company's 28-store North-western division and its 59-unit Moore's division up to the divestiture of both earlier last year.

By contrast, sales from ongoing divisions for the full year were \$800.7 million, 4.2 percent ahead of last year's \$768.4 million from the same stores.

Proceeds from the sales of the two divisions in third-quarter 1989 totaled \$106 million, of which \$56.8 million was used to retire a sizable piece of the

company's long-term debt.

The debt reduction included retirement of \$33.9 million in Grossman's 13 percent debentures, \$12.2 million of its 14 percent debentures, and the retirement of \$10.7 million in outstanding mortgages connected with the Moore's transaction.

The paydown saved Grossman's \$7 million in interest expenses. That, combined with trimmed operating expenses and better purchasing policies, helped the firm's financial picture, according to Grossman's executive vp-administration Stanley Berman.

New programs helped profits

Bruce Weitz, the supermarket retail veteran who became Grossman's executive vp-eastern division manager in March 1989, played a significant role in guiding that territory back to financial health.

"There are many new programs being put into place that are under Bruce's hand," Berman notes. "It's hard to quantify the role he plays other

than to say it's a very important one."

Since Weitz has come aboard, Grossman's has gone through quite an overhaul. Its field staff has been trimmed and reorganized; its merchandising and marketing responsibilities have been centralized; a new inventory replenishment system is being devised to increase turns dramatically; and a new planogram that affords a 30 to 50 percent increase in inventory presentations is well underway.

Grossman's fourth quarter results offer a dramatic example of the company's turnaround. Quarterly net income of \$1.3 million is more than double the \$586,000 logged for the same period in 1988. And the company managed to achieve this with fourth-quarter sales of just \$182.5 million, down 36.1 percent from \$285.8 million in the final three months of 1988.

Comparable store sales in the fourth quarter were 1.5 percent less than the same period in 1988, the company notes. But the decline in sales

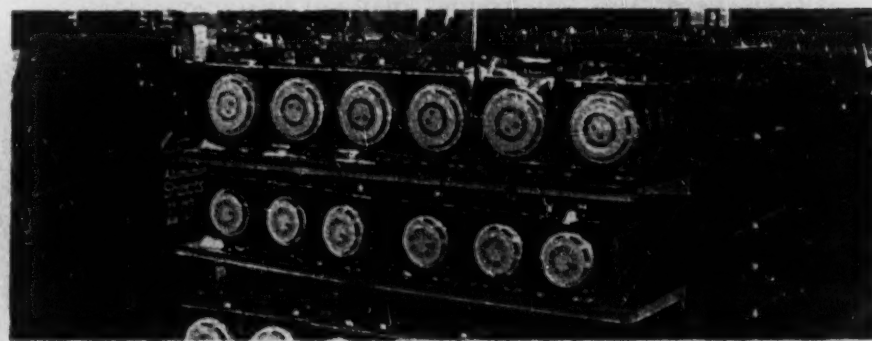
(Continued on page 10)

contents

upfront

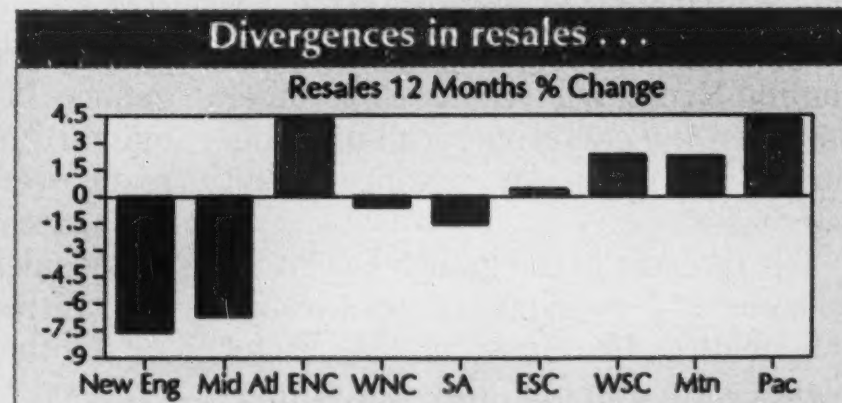
- Editorial: Industry entering period of regrowth . 14
- Commentary: Quality service builds trust among customers . 14
- Employee death spurs safety measures at Home Depot . 53
- Black & Decker exec resigns . 56
- Parent plans to sell Lloyd Home and Building Centers chain by year's end . 56
- Air of caution surrounds future of retailing at International Housewares Exposition . 56

buying & selling



- Smoke detector manufacturers push for battery add-on sales . 19
- High-end home automation yet to mature in retail market . 19

business watch



- Building material sales undergo regional variation . 45
- Financials . 50

Part-timers filling the workforce void

This article was reported by executive editor John Caulfield, senior editor Gary Ruderman, associate editors Tim O'Malley, Tom Neven and John Sinisi, and written by Caulfield.

NATIONAL REPORT —

Last month during a roundtable discussion at the Michigan Lumber Dealers Association convention in Grand Rapids, Mich., two retailers insisted adamantly they would not hire part-time employees. One balked because part-timers showed no "work ethic" or "company loyalty"; the other because his store was competing against K mart and he couldn't get part-timers to work nights.

That resistance, though, may be weakening for most dealers and wholesalers whose expanding work force over the next several years is likely to be more populated with part-time help.

Employers in this industry, faced with filling jobs in a tight labor market, are turning to part-timers more than ever. One of California's largest chains, for example, wants to boost its number of part-time employees to 70 percent of its total work force from the current 50 percent, albeit gradually "so that we don't create a panic among our full-time help," says this chain's chief administrative officer.

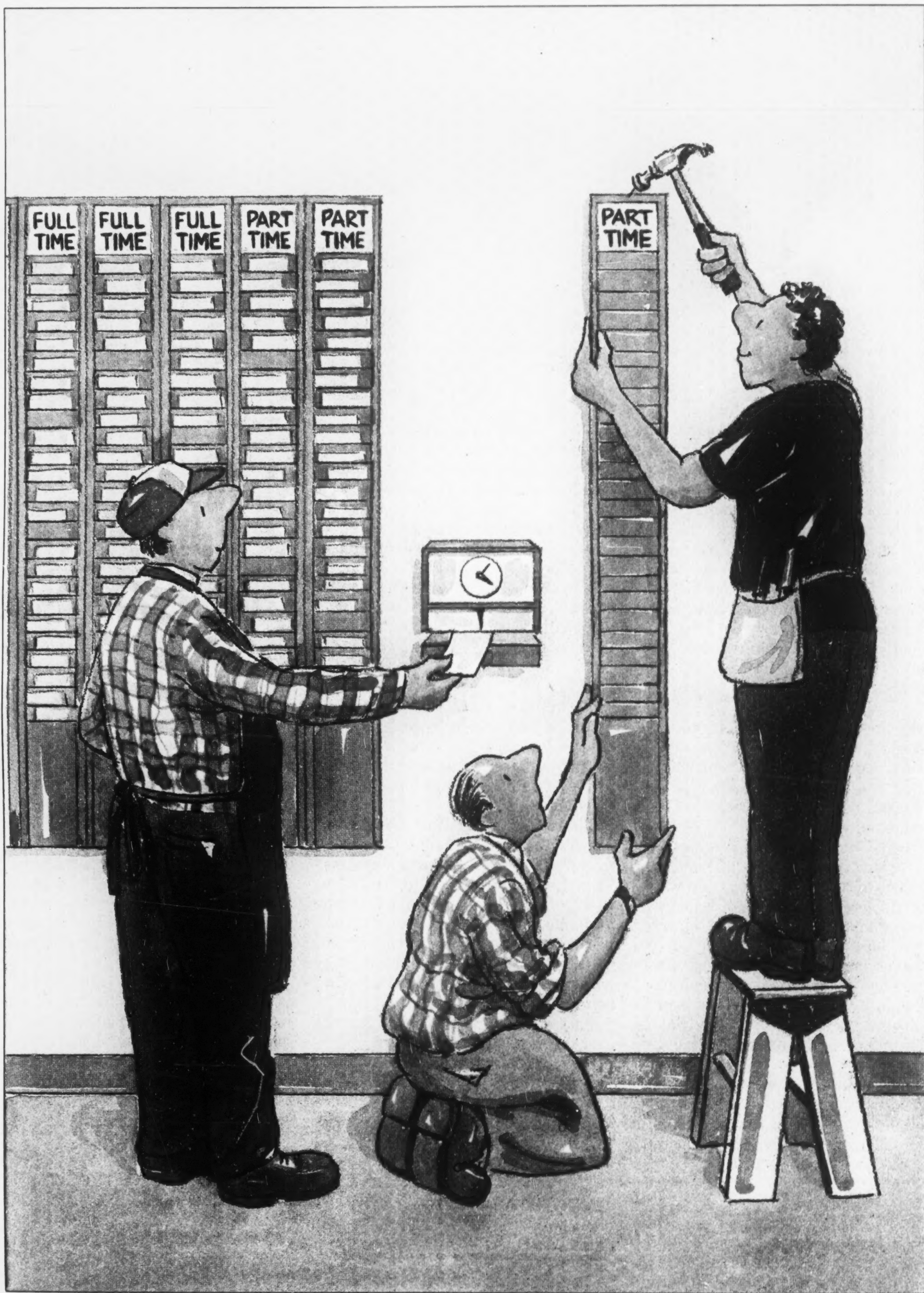
"Several years ago, we made a pretty significant move to part-time people, and frankly have found a lot of strong applicants who are qualified to do in-store sales," notes Chuck Bender, president of the 17-unit Busy Beaver chain based in Pittsburgh, who adds that many of his part-timers "have been with us for years."

Forty percent of the 15,000 employees working in Builders Square's 140 warehouse units are part time. One quarter of the 6,000 employees at Wickes Lumber also are in this category, and most of these stick around for three or four months at a stretch, says Ric Morphet, vp-administration for the Vernon Hills, Ill.-based chain of 190 stores.

"I've always been a strong advocate of part-timers," says Barry Minkin, director of human resources for Ply Gem, the New York-based distributor and manufacturer. "They [represent] a large source of capable labor and tend to be very enthusiastic. Most are looking to make a long-term contribution."

New groups enter the work force

Retailers, in general, like part-timers (see box page 36).



And with the perceptible decline in available full-time male workers aged 18 to 54—the employee group represented in the greatest number in this industry—home improvement dealers and distributors are filling the void by

hiring women, teenagers and, most important, seniors. A good portion of these can work only certain hours, days, weeks or months.

The makeup of the part-time work force varies, depending on how con-

strained the job market is in a given region. But there are certain traits emerging. Stanley Frahm, the president of Stanline, a California-based commodities distributor that's seen its
(Continued on page 36)

part-time work force increase steadily, hires part timers mostly for inside sales and administrative posts. He says these jobs are being filled by women 2 to 1.

Five of the 17 people employed at Biener Hardware, an independent dealer in St. John, Mo., are part-timers, one of whom is a teenager, a segment of the work force most retailers in this industry have shied away from previously but are now turning to cautiously.

"If you go for the straight A student, you won't have any problems," states Biener Hardware's co-owner Roland Monson. "If he's worked hard for the A's, he'll work hard for you. Plus, he's smart, he'll catch on fast and learn more."

Training is imperative

All these new people coming into the industry, regardless of their intelligence, need to be trained, which is one of the reasons some dealers and distributors have been reluctant to take on too many part timers.

The 157-unit Grossman's is one chain that is switching to more full-time help because of what it costs to train workers, states Stanley Berman, executive vp-administration for the Braintree, Mass.-based company.

However, dealers insist their part-time employees must be incorporated, through training, into their overall customer service strategy that is viewed as a key to the company's survival.

For example, 133 of the 936 workers employed at the 10-store Dixieline Lumber in San Diego are part-timers, many as cashiers. "They are important because cashiers are the last people our customers see," says company president Bill Cowling.

Those companies that use part-timers usually establish some level of training "to make them as effective as possible in their technical thinking skills," says Peter Rumwell, director of personnel for the five-unit Henry Bacon Building Materials in Bellevue, Wash.

That training effort can take one of two forms. Forty percent of Essen Hardware's 250 employees are part

time, and all of them went through a 90-day probationary period during which they worked with full-time workers to gain product knowledge, according to Max Hagerman, general manager of the Brentwood, Mo., chain.

Busy Beaver and Wickes Lumber have structured training programs for part-time salespeople that include booklets, manuals and videotapes that the part timers can study at home. Busy Beaver's workers are tested to assess their competence and product knowledge.

"I'm always surprised at the number of people out there who possess a lot of knowledge," says Bender, the chain's president.

Seniors preferred

To improve their odds of finding qualified part-timers, more dealers and wholesalers are following a national trend toward selecting from a growing legion of seniors for all but the most strenuous of jobs.

Just recently, the *Wall Street Journal* reported on a study by the Commonwealth Fund, based on research from Louis Harris & Co., that says there may be as many as 1.1 million available workers aged 50 to 64, compared to the Labor Department estimate of 630,000; 54 percent said they would accept weekend or evening hours.

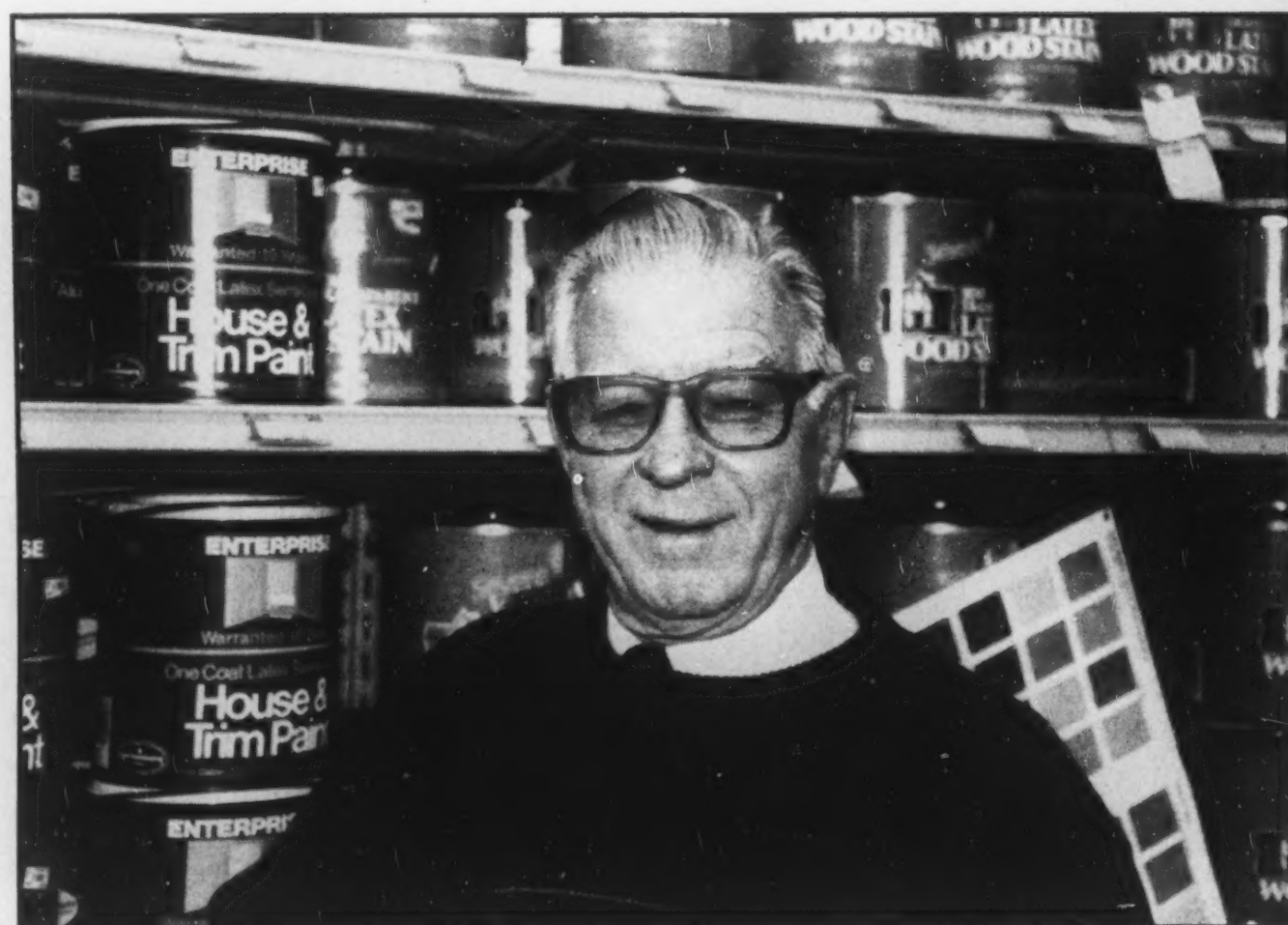
This doesn't even account for the over-65 group, which is well represented in the home improvement field.

Retailing exhibits greatest use of part-timers

There are no reliable breakdowns of how many part-time workers there are in the home improvement industry. But retailing in general uses part-timers to a much greater extent than other industry sectors.

While only 17 percent of the total U. S. work force of 117,342,000 was part time (i.e., worked less than 35 hours per week) in 1989, that figure nearly doubles to 33.4 percent of the 17,998,000 in the retail sector, based on annualized estimates by the Bureau of Labor Statistics.

That compares with 34.3 percent of the retail total of 17,517,000 in 1988; 34.7 percent of 16,369,000 workers in 1985; and only 28 percent of 9,921,000 in 1968, the first year these data were tracked. Over that 21-year time period, the percentage of the total work force that was part time changed less dramatically from 14 percent in 1968 and 18.2 percent in 1985, according to bureau economist Jim Markey.



Bill Braxdale retired from full-time employment at Dixieline Lumber after 30 years, but stayed with the company on a part-time basis, drawing on his years of experience to answer customers' questions.

NHCN photo

One of the part-timers working at Essen Hardware is 78 years old (see other story, page 38). Seventy-four of the part-timers at Builders Square are at least 70 years old, according to senior vp-human resources Steve Waldschmidt.

Many of these seniors already have long-term experience in the home improvement business, or have worked in some field that gave them an understanding about selling products and projects.

One such senior is Bill Braxdale, who worked for Dixieline for 30 years retiring in 1984. "But I left with the understanding that I could stay on part time, which they thought was great."

The 69-year-old Braxdale, who's been in the lumber business since he graduated from high school, as a full-time worker handled charges and credits for contractors. As a part timer he provides customer service "which is a lot harder because you have to show people how to build the projects they're doing."

Braxdale, who currently puts in around 12 hours a week at Dixieline's Sports Arena unit, said he's going to stick it out until he turns 70. After that, "I might do a little more fishing."

Non-traditional recruitment

Seniors notwithstanding, the challenge for industry employers is to find qualified part-timers at a time when every company is vying for the cream of the crop. "Any way we can," is how Wickes Lumber's Morphet says his company tracks down part-time help, including getting in touch with shop teachers in local high schools.

Traditional ways of unearthing workers don't always produce results, though. "In Spokane [Wash.], I made the mistake once of running a newspaper ad for part-time help," recalls Rumwell of Henry Bacon. "I had people lined up outside the building. With part-timers, screening is more important, and it's better to go through employee referrals or PTAs or posting

(Continued on page 38)

Home centers' reluctance in hiring part-timers wanes

(Continued from page 36)
ads on shopping center bulletin boards."

Ace Hardware's distribution center in Addison, Ill., relies on employee referrals, but has remarkable luck getting people walking in off the street on their own.

"A lot of these people are full-time forklift operators or are familiar with warehouse work and are looking for a second paycheck," explains Robin Nelson, this facility's human resource manager, who adds that from last October through mid January of this year, all 12 people on this DC's second shift were part-timers.

Can do most jobs

The majority of those interviewed for this story thought virtually any job function in their companies could be performed proficiently by part-timers.

At Ace's facility, Nelson says the most recent part-time crew handled "inbound functions" such as receiving and stocking, and that she has hired college students to do clerical work and quality checking.

Builders Square, Dixieline Lumber, Busy Beaver and Wickes Lumber are among the retailers who use part-timers

as cashiers, yard workers and, with more frequency, sales people. In fact, 40 percent of Dixieline's part-timers become full time, says the chain's personnel director Warren Hoffman.

Bunzl U.S.A., the Chicago-based parent for a nationwide network of commodities distributors, only has four full-time headquarters employees, so it supports its staff regularly with part-timers in such areas as finance and human resources.

"We don't want to end up with an institutionalized corporate staff that gains its own momentum and requires too much overhead," says Robert Waller, Bunzl's president.

Is industry too complicated?

However, some dealers continue to question whether part-timers can ever really understand or master the intricacies of selling products for home improvement. Others worry that the main advantage of using part-time help—no benefits costs—could disappear if mandated health insurance for all employees working over 17½ hours a week is pushed through Congress this session.

For these and other reasons, some in the home im-

provement business, particularly those operating contractor-oriented yards, still regard them as employees of last resort.

"We're not a home center in the sense that we need as many bodies on our sales floor; our people are primarily full time, experienced," says Jack Fagen, president of Fagen's Building Centers, the 14-store chain based near Pittsburgh, to explain why he eschews part-timers.

Mark Speno, personnel manager for DJ Inc., the Brattleboro, Vt.-based commodities wholesaler, concurs. "The industry has gotten so sophisticated, and it takes so long to train somebody to learn the products, where they're stored and how to store them. Part time is just not cost effective for us anymore."

But market conditions are changing some employers' thinking here. Only 3 percent

of the 400 employees at Henry Bacon in Washington are part-timers. Yet, says Rumwell, that's double the percentage of a year ago, and those numbers will have to grow because the full-time work force isn't expanding fast enough to keep pace with the business boom in the Pacific Northwest.

"Our industry is not yet into part-time help the way others like banking might be," he states. "But it has to happen."

Part time home center work a good cure for retirement blues

By Tom Neven

BRENTWOOD, Mo. — Art Max is a lot like many part-time employees in home center stores.

A veteran of Essen Hardware & Lumber in this St. Louis suburb for 10 years, Max stocks shelves, answers customer questions and generally helps out where needed. Max is also 78 years old.

He is part of a trend in the home center industry and retailing in general: hiring senior citizens who are returning to work after retirement as part-timers. Seniors, say employers, are sought after for their work ethic and knowledge.

Bored with retirement

Some seniors are back in the work force for cash to supplement their Social Security checks, but that is not the case with Max. He retired in 1978 after 34 years as a salesman for Upjohn Pharmaceutical. "I don't need this job," he explains. "We're okay when it comes to money."

His problem was boredom. "I got tired of loafing around," he says.

After only one year of retirement, he started part-time for minimum wage at this store that used to be a Village Ace Hardware. Essen bought all the Village Ace units six years ago, and Max stayed on. He currently earns \$5.15 an hour.

More important than the money or staving off boredom, however, Max believes keeping busy has



Art Max

maintained his health. "Everyone I know my age who retired when I did is dead now," he says.

Good with customers

Max Hagerman, Essen's general manager, says he likes to hire senior citizens as part-time employees because they are very good at customer relations.

During a recent visit to the store by this reporter, Max demonstrated that trait by helping a middle-aged man locate an item in the store, but not before greeting the man's toddler-aged son with a boisterous, "How are you today, young man?" much to the boy's delight.

Max says local shoppers come to him for help because he lives in the neighborhood. "They know my face," he says, "even if they don't know my name."

He is the first to admit, though, that working with

customers can have its downside. There are always the rude ones who cannot wait their turn to be helped, he says. But overall, he enjoys the helping part of the job.

But that is not all he does. Despite his age, Max also helps unload plastic bins of product stationed around the store, that day's delivery from Hardware Wholesalers, Inc.

Medical ambitions

Max originally wanted to be a doctor. He had completed four years of pre-medical studies when World War II interrupted. Even after four years in the Army Medical Corps, the medical school told Max he would still need two more years of premed study to be accepted.

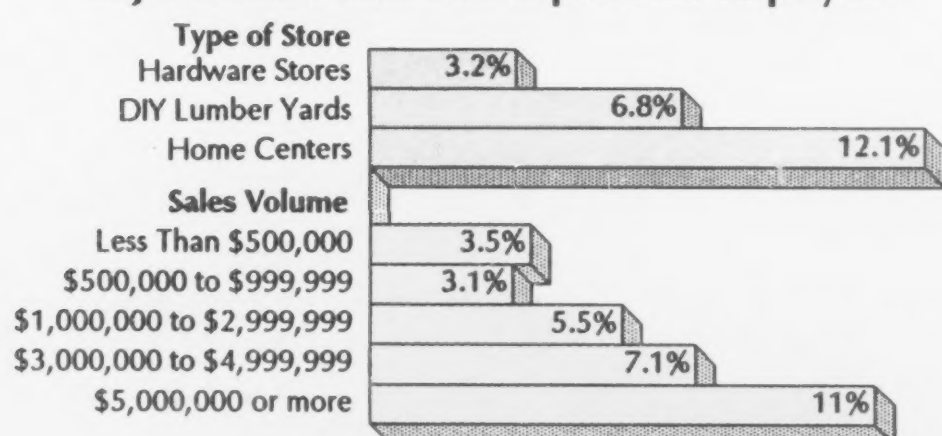
At that point, with a wife, two children, and 35 years old, Max figured it was not worth it. "By the time I finished all the studies, medical school, internships and residency, I'd be 45 or 50 years old before I could make a penny."

Instead, he started with Upjohn in 1946 and worked selling pharmaceuticals until retirement.

He jokes about another advantage to working part time at his age. "I need to get away from my wife for a while, and she needs to be away from me so we don't drive each other crazy."

And, Max says, he has no plans to quit working at Essen. "I'll stay as long as they'll keep me."

Percent of home improvement stores providing major medical insurance to part-time employees



Median dollars paid per hour to part-time employees at home improvement stores

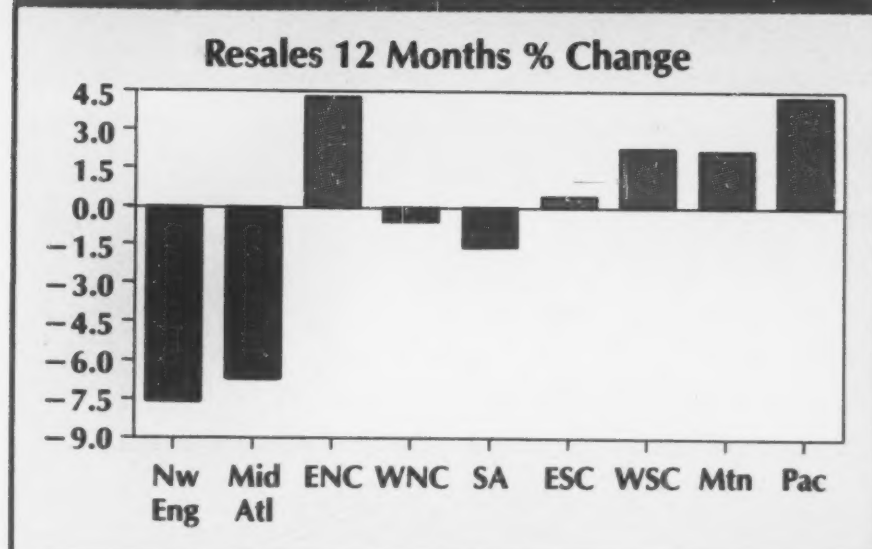
	Total	Hardware Stores	DIY Lumber Yards	Home Centers
Owner/Officers	\$7.21	\$7.21	\$5.38	\$12.50
Managers/Assistant Managers	6.00	5.35	7.00	4.00
Department Managers	5.71	5.77	3.70	--
Sales	4.50	4.50	4.75	5.75
Office	5.00	5.00	5.50	4.25
Check-Out/Counter	4.15	4.15	4.25	4.81
Stock	4.00	3.90	4.75	4.40
Delivery/Receiving	4.45	5.00	4.00	4.50
Warehouse	4.25	5.00	3.75	5.00
Yard	4.50	4.00	4.50	4.50
Other	4.50	4.65	4.00	5.60

Source: National Retail Hardware Association

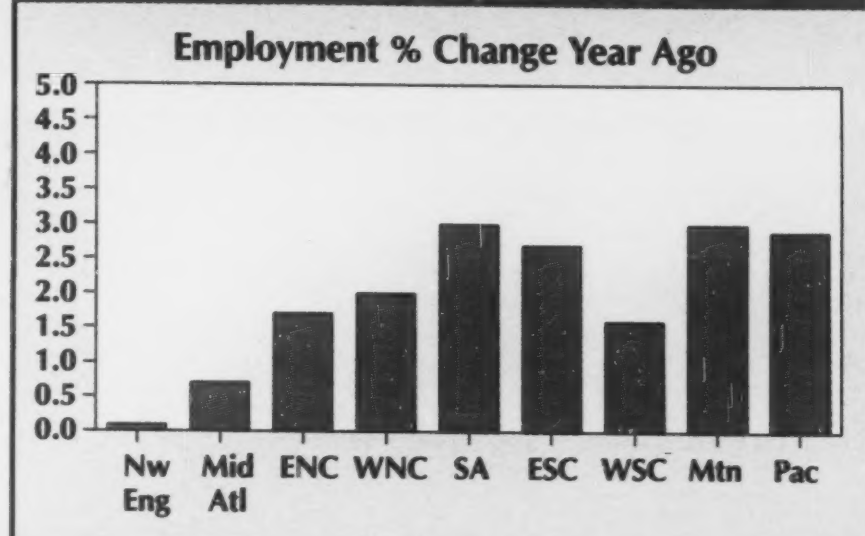
According to the 1989 Compensation Study released by the National Retail Hardware Association, home centers and larger-volume retailers exceed smaller stores in offering medical coverage to part-time employees. But when it comes to hourly wages, the figures are more even for each type of retailer.

business watch

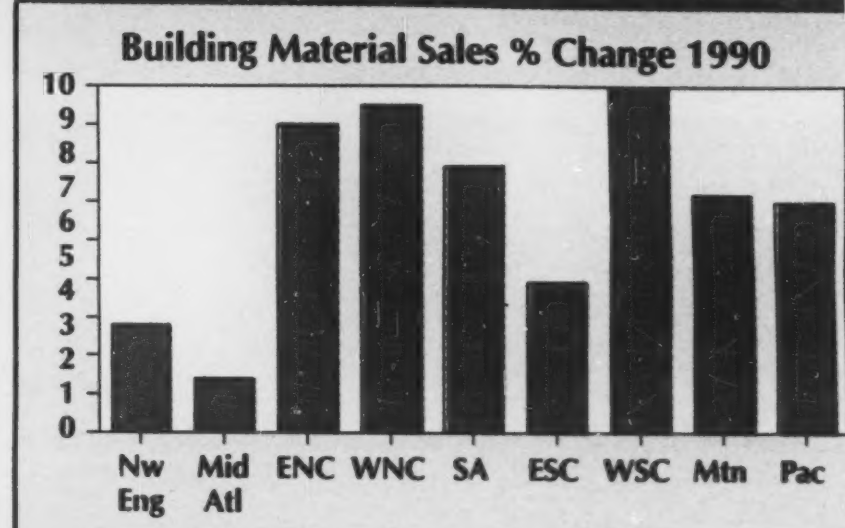
Divergences in resales . . .



. . . and employment . . .



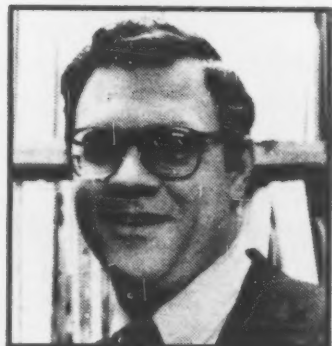
. . . will change building material sales patterns.



Building material sales undergo greater regional variation

By Richard Mount
Special to NHCN

Regional variations in building material sales are shifting in 1990 as recently strong markets sour while weak markets regain lost ground. The trend in resales—an important indicator of future building material sales—shows a decline for four of the nine regions. Employment growth from a year ago is weak, especially in the Northeast. Building material retailers must increase their focus on local conditions.



Richard E. Mount

New England should be among the softest markets this year with building material sales up 2.8 percent. The area is in a

localized recession with employment showing almost no change from a year ago.

Middle Atlantic states could have the slowest gain in sales this year, up 1.4 percent. Resales are off 6.7 percent over the last twelve months.

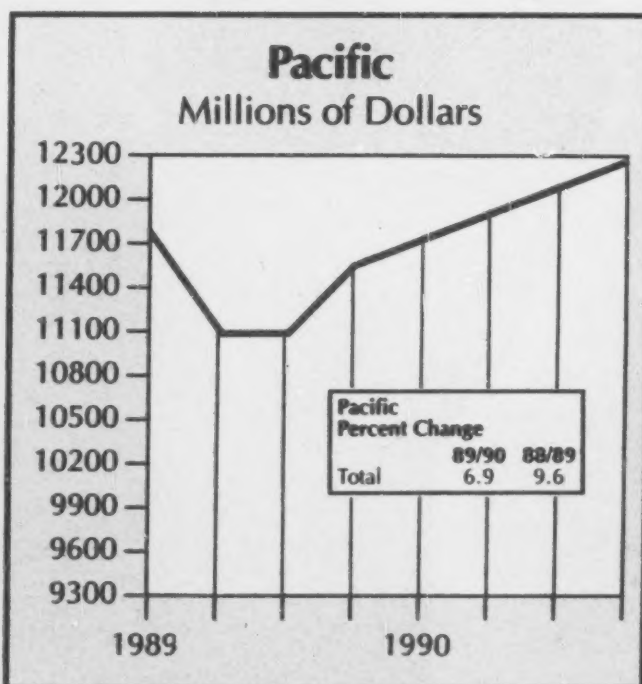
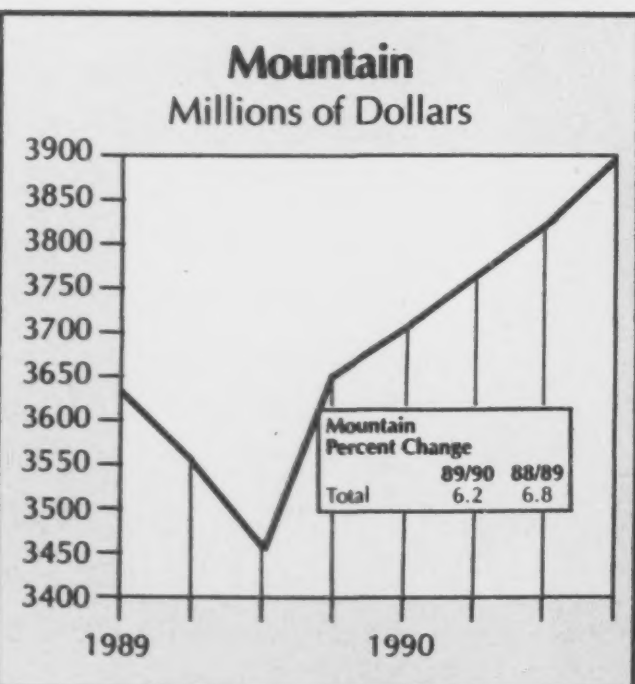
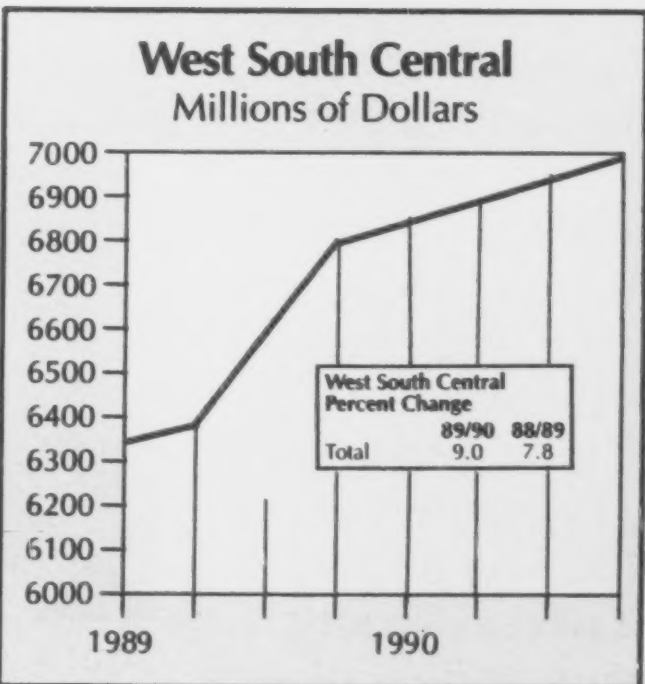
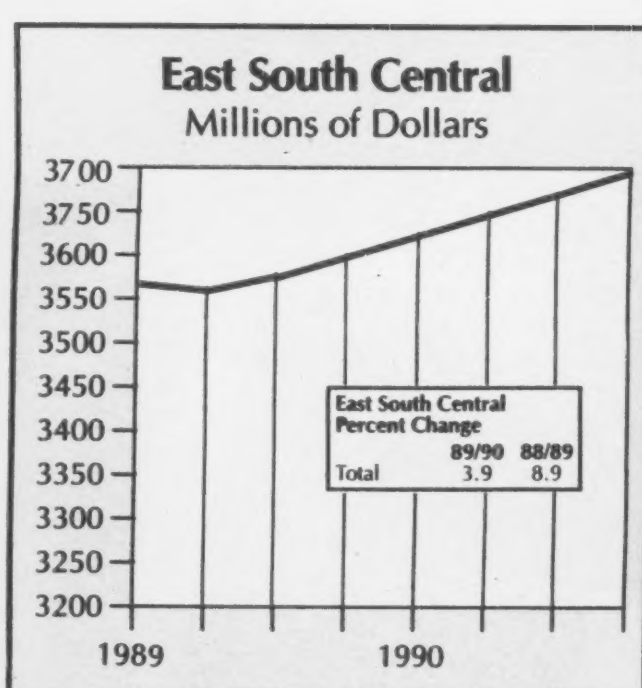
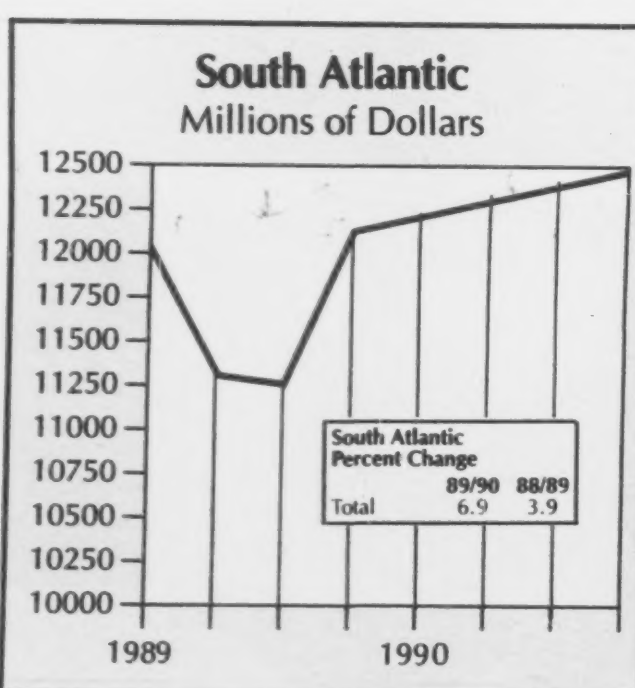
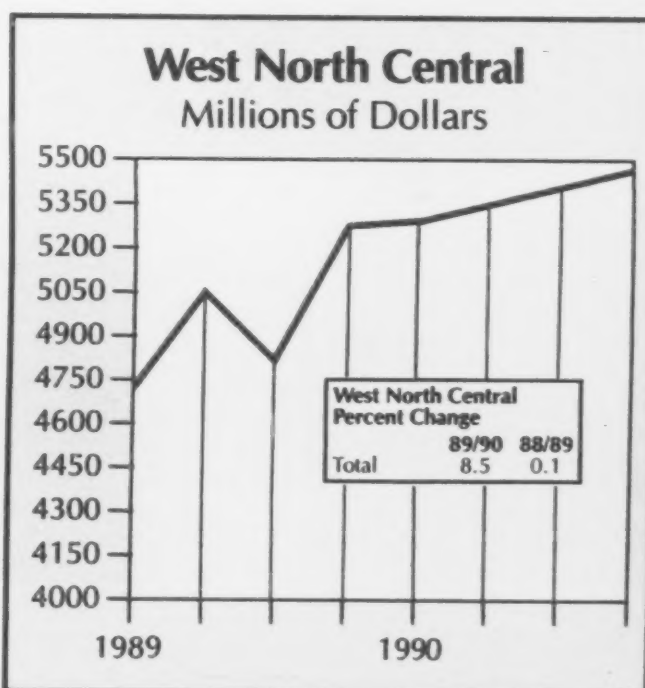
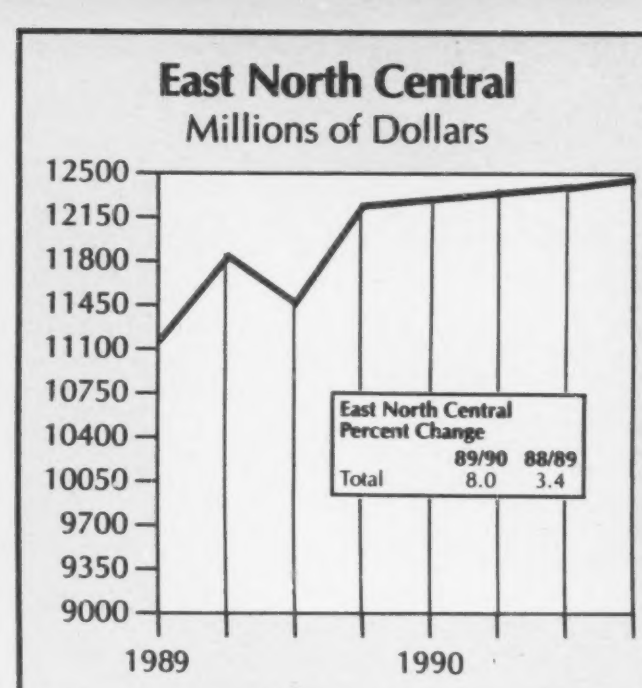
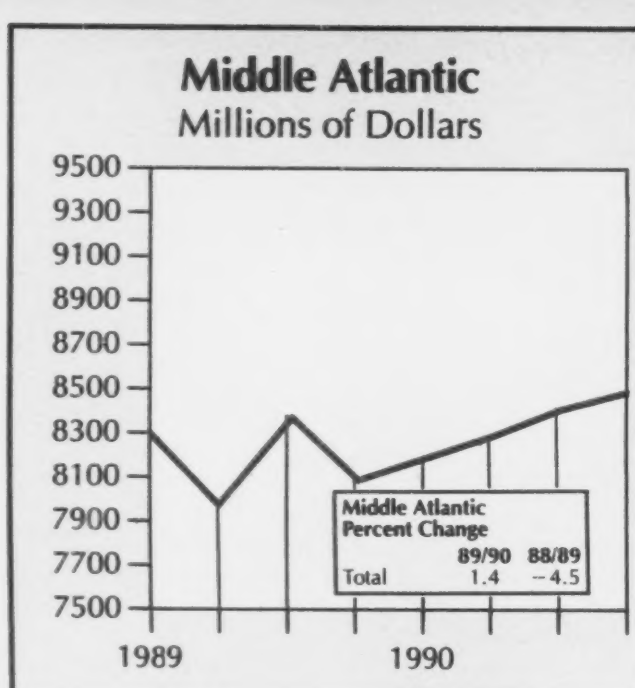
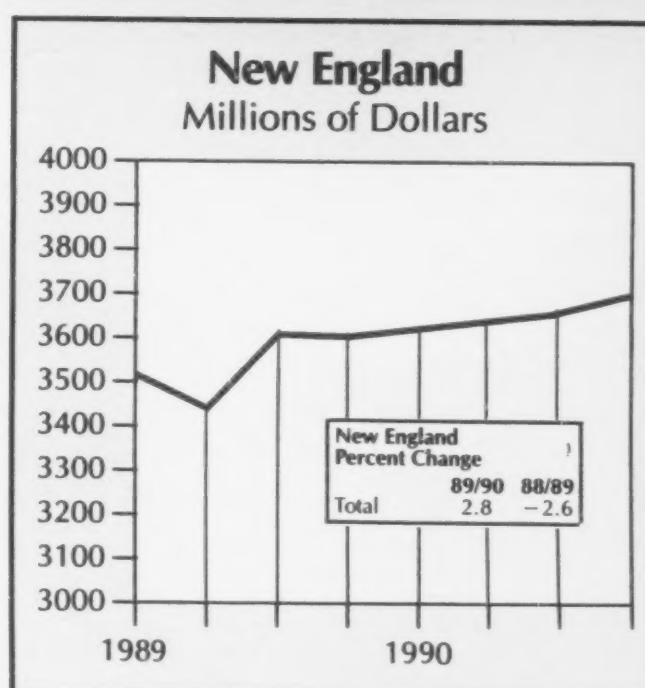
East North Central states should show a gain of 8 percent in 1990, but this increase masks the underlying problems brewing for the area as it comes off a rising trend. Capital spending and auto production are dipping, putting pressure on local employment.

West North Central states will follow a similar pattern as the East North Central. Momentum in 1989 will carry into 1990, but local conditions will soften as the year progresses, not only in autos but also in high technology.

The South Atlantic region enjoys the best gains in employment, but weakness in resales should keep the rise in building material sales to about the national average. Look for South Carolina to be the strongest, in part because of the hurricane recovery.

The West South Central states are entering a period of recovery after a regional recession due to falling energy prices. Sales should be up about 9 percent this year, best in the nation.

Regional Outlook: Building Material Sales



Data: Dept. of Commerce
Bureau of Labor Statistics
National Association of Realtors
Dept. of Housing and Urban Development

The Home Center Industry Outlook runs in two parts, one each month. The first part includes latest data on the General Economic Outlook; Residential Alterations & Repairs; and Retail Trade Activity. The second part includes latest data on regional building material and supply store sales.

SAAR—Seasonally Adjusted Annual Rate
p—projection
NHCN chart

Richard E. Mount is president and chief economist with Mount Economic Consulting.

Mich. lumber dealers see problems near

(Continued from page 6)
increase of 30 percent over the past two years.

"I buy one or two futures a year to try to level prices," Wiswell said. "But with hikes like these, everyone is feeling it."

Wiswell, a member of Hardware Wholesalers, Inc., also

as good as their's, but I'm just a peanut," Wiswell said bitterly. "Weyerhaeuser is hurting the little guy."

Tom James, vice president of four-unit James Lumber in Flint, Mich., found eroding margins of particular concern.

"Everyone works harder and makes less," he said,

while to get into home centers."

Finding, training employees

The show also featured educational seminars by Bill Sharp, a consultant with the Percon Group, which deals extensively on training issues with the retail building materials industry.

Sharp addressed the problem of hiring and training employees in a time of shrinking labor pools, and to Sharp, questions of minimum wage are moot.

"McDonalds hires someone for \$7 an hour and spends a week teaching them to do nothing but flip hamburgers," he said. "We want to hire guys for minimum wage, have them learn 20,000 skus, learn how to service the DIY customer, gain product knowledge and so forth. Well, it's just not going to happen."

And Sharp lamented the industry's propensity for what he called "follow-George-around" training. "Make sure your trainer thinks like you," Sharp cautioned.

Raffle boosts booth traffic

The Michigan show used the promise of a free 1990 Jeep

Wrangler to get retailers to visit vendor and wholesaler booths.

Dealers were given a card to be signed by 10 displayers—each card was different, and dealers could carry only one card at a time—and once the card was complete, it could be submitted for the Jeep raffle. In previous years, the free car went to whoever bought the most at the show.

James at James Lumber thought it was a good idea. "I went to see some people I probably would have walked

right by," he said. Vendors and wholesalers also expressed enthusiasm for the program.

Nelson Van Elderen, inventory control and purchasing director for five-unit Standard Lumber in Grand Rapids, won the Jeep. Ironically, one name on his card was for a wholesaler who competes directly with Standard in kitchen cabinets.

"It was a good show," Van Elderen said, "and winning the Jeep made it even better." Even after having to hear a competitor's pitch. ♦

"We want to hire guys for minimum wage, have them learn 20,000 skus, learn how to service the DIY customer, gain product knowledge and so forth. Well, it's just not going to happen."

—Bill Sharp,
consultant,
Percon Group

expressed misgivings over Weyerhaeuser dropping out of co-op dealer discount programs in order to sell directly to dealers.

"There's no way I can buy the same way as an Erb or Wolohan [two Michigan-based chains]. My payment record is

which he blamed on a duplication of products and competition.

And James said too many independents are offering a smaller mix of items. "Nothing major in the industry has caught on in a while," he said. "And when it does, it takes a

National Home Center News (ISSN 0192-6772) is published 23 times a year, twice a month, monthly in December, beginning with the second Monday in January; by Lebhar-Friedman Inc., 425 Park Ave., New York, NY 10022. Subscriptions are available at no charge to qualified retailers and wholesalers of lumber and building supplies and hardware. Paid subscriptions are available to nonqualifying retailers and wholesalers, and to manufacturers and others at \$69 per year in the U.S.; \$79 per year to Canada; \$219 per year to all other countries (air mail only). Group subscriptions available in the U.S. (1-4 copies, \$69; 5-19 copies, \$64; 20 or more copies, \$59). Single rate copy is \$3 except last two May issues (Annual Census Issues) \$30 each, \$50 for both.

Second class postage paid at New York, N.Y., and additional mailing offices. Vol. 16, No. 4, Copyright© 1990 by Lebhar-Friedman Inc. All rights reserved. Postmaster: Please send address changes to Subscription Dept., National Home Center News, 305 Madison Ave., Suite 535, New York, N.Y. 10165-0079. For change of address six weeks is requested. Give old and new address and zip code. If possible, enclose address portion from cover on previous issue.

Vol. 16, No. 4

February 19, 1990

The most profitable products you can sell are ideas and know-how

You can convert a customer's faucet repair into a kitchen remodel, a concrete patching job into a new deck, or a storage project into a room...

Simply capture their imaginations with project ideas, then provide them with the how-to skills. We do both.

Sunset

BOOKS & VIDEO

The most trusted name in d-i-y information

Call 1-800-227-7346/In California 1-800-321-0372

Circle 43 on Reader Service Card

Knox changes ad agency

(Continued from page 5)
needed: a strong consumer awareness in the market.

Knox's award-winning TV ads over the last four years included locomotives smashing through stacks of cartons, a house burning down, a take-off on the Three Stooges and, most recently, a man cooped up in his kitchen cabinets. Its innovative print ads included one which drew fire from local feminists. All the ads established the image of Knox as a place for help. Knox spent an estimated 30 percent of its annual advertising budget on TV.

However, with its image established, Knox now seeks to conserve its own spending and use available co-op advertising funds from its vendors, according to Foley. Others close to the account said Fallon McElligott Rice was uncomfortable with a new tact and resigned the account. The former agency did not return calls.

Knox is considered a large account for Case Foley, which has annual billings of \$10 million, Foley states. Its previous clients included consumer campaigns for financial services and health care firms. ♦

Index of Companies in This Issue

Abitibi-Price	8,10	Foy Lumber	20	Mr. HOW Warehouse	8
Ace Hardware	8,24,38,56	Gabbert Lumber	13	Mycogen Corp.	50
AEG	53	Georgia-Pacific	28	Newell Window Furnishings	26
Alko Mills	26	Glidden Paint	53	O'Malleys	53
American Home & Hardware	19	Gold Bond	28	Ortwin Hardware	14
American Maize	56	Grossman's	5,8,10,36	Owens-Corning Fiberglas	8,26
Barry County Lumber	6	Handy Andy	8,19	Oxford Lumber	6
Beaver Lumber	6	Hardware Wholesalers, Inc.	54	Palmix	32
Biener Hardware	22,36	Heath-Zenith	19	Payless Cashways	1,50,53
Black & Decker	22,53,56	Hechinger	26	Pittway/First Alert	56
Bowers	19	Henry Bacon Building Materials	36,38	Pleasants Hardware	5
Builders Emporium	53	Hirsh Co.	26,56	Ply Gem	35
Builders Express	1,14,53	Hom	14	PPG Industries	8
Builders Square	1,8,14,26,35,36,38,53	Home Depot	1,8,10,14,26,53	Rickel	8,14
Bunzl U.S.A.	38	Home Quarters Warehouse	8,10,53	Rivendell Lumber	13
Busy Beaver	35,36,38	HomeClub	1,40	Robertshaw	19
Campeau Corp.	56	Honeywell	19	Rubbermaid	26
Carolina Builders Corp.	28	Innovis Interactive Technologies	40	Safe Hardware	24
Celotex	28	Jade Controls	19	Safer Inc.	50
Central Hardware	8	James Lumber	54	Schlage	22
CertainTeed	28	Jameson Home Products	19,20	Scotty's	26,42
Channel	8,42	Kenney	26	ServiStar	24,28
Closet Maid	26	K mart	1,35	Skil	56
Coast to Coast	54	Knox Lumber	5,54	Somerville Lumber	1,8,53
Contico International	19	Lebovitz Wholesale Hardware	24	Standard Lumber	54
Cotter & Co.	24	Lee Lumber	28	Stanley	26,53
Counselor	33	Lee/Rowan	56	Stanline	35
Crawford	26	Liberty Distributors	24	Ten-Tek Electronics	19
Devcon	33	Lloyd Home & Building Centers	56	Trustworthy Hardware	24
Dicon	19,22	Lone Star Hardware	8	USG	28
Decline Lumber	36,38	Lowe's	1,19	Village Ace Hardware	38
DJ Inc.	38	Mallard Building Supply	8	Wal-Mart	1,14
Emhart Corp.	56	Manville	28	Western Fraser Mills	13
Erb	54	Masco Company	19	Westlake Hardware	8
Ernst	6,13	McGill Manufacturing	32	Weyerhaeuser	6,40,54
Essen Hardware & Lumber	8,36,38	McGuire-Nicholas	6	Wickes Cos.	53
Eveready	19,20	Michigan Lumber	35	Wickes Lumber	35,36,38
Fagen's Building Centers	38	Minwax	53	Wolohan Lumber	50,54
First Alert	19,20	Molson Cos. Ltd.	6	W.R. Grace	1,53
Fluidmaster	53	Moore's	5	Yardbirds	19,22

Advertisers Index

Boldface denotes reader service number		Keystone Franklin	44, 40	States Industries	13, 10
Andersen Corp.	32, 33, 30	Knauf Fiber Glass	10, 6	Steel City Corp.	9, 3
Black & Decker	34, 31	Lane Publications	54, 43	Sunny Wood Products	11, 8
Celotex Corp.	37, 32	Larson Manufacturing	13, 11	Titon Industries	10, 7
Chesapeake Hardwood	2, 3, 4, 1	Macco	43, 39	USG Interiors	24, 23
Collins Company	41, 36	Manville Building Materials	18, 15	W.W. Henry	42, 38
Croft Metals	23, 22	Merillat Industries	52, 55	Werner Manufacturing	40, 35
Design Technologies	55, 44	MW Manufacturing	17, 14	Wayne Home Equipment	28, 27
Dutch Boy	12, 9	National Manufacturing	10, 5	Waxman Industries	7, 2
Fluidmaster	39, 33	National Store Fixtures	10, 4	Weiser Lock	21, 19
Gemini Industries	51, 42	Orrville Leather	20, 18	Whitewater Industries	20, 17
Genova	58, 46	Pak-Mix	27, 26	Whittier Wood Products	22, 21
Glidden	20, 16	Price Plaster	15, 13	Yale Security	26, 25
Gruppo Ratti Silvio	13, 12	Quality Mark Lighting	42, 37		
Hunter Company	29, 28	Royal Rubber	40, 34		
Keller Building Products	46, 41	Rubberset	57, 45		
Keller Industries	22, 20	Stanley Hand Tools	25, 24		
		Stanley/Parker	30, 31, 29		

This index has been compiled for the convenience of our advertisers and readers. While every precaution is taken to prevent mistakes, the publishers cannot be held responsible for

This index has been compiled for the convenience of our advertisers and readers. While every precaution is taken to prevent mistakes, the publishers cannot be held responsible for errors or omissions.

0025775C
MS JEANNE LONG
CONGRESSIONAL INFORMATION 1A9
4520 EAST-HIGHWAY/ST 800
BETHESDA
MD 20814

National Home Center News

Vol. 16, No. 5 S3 a copy The newspaper for retailers serving homeowners and contractors. Published by Lebhar-Friedman Inc. March 5, 1990

Is Texas back?

For some yes, but others still await signs of recovery

By Tim O'Malley
DALLAS — In 1985, business was booming for Henry Humphries. Rolling in cash, the East Texas lumberyard operator could afford to buy his wife a \$5,000 Rolex watch for Christmas.
By this past Christmas, volume had slowed so much at Humphries' Citizens Lumber, in the small town of Edgewood, 60 miles east of Dallas, that Mrs. Humphries had to settle for a \$50 manicure kit.
Dramatic accounts like Humphries' of vanishing profits are a dime a dozen these days in Texas, where the ripple effect of the 1986 oil bust is still being felt in many areas.
Its exposure in Texas was one of the main reasons Channel decided to shut down its entire southern division last year.
Recent indicators show the Lone Star State is slowly re-

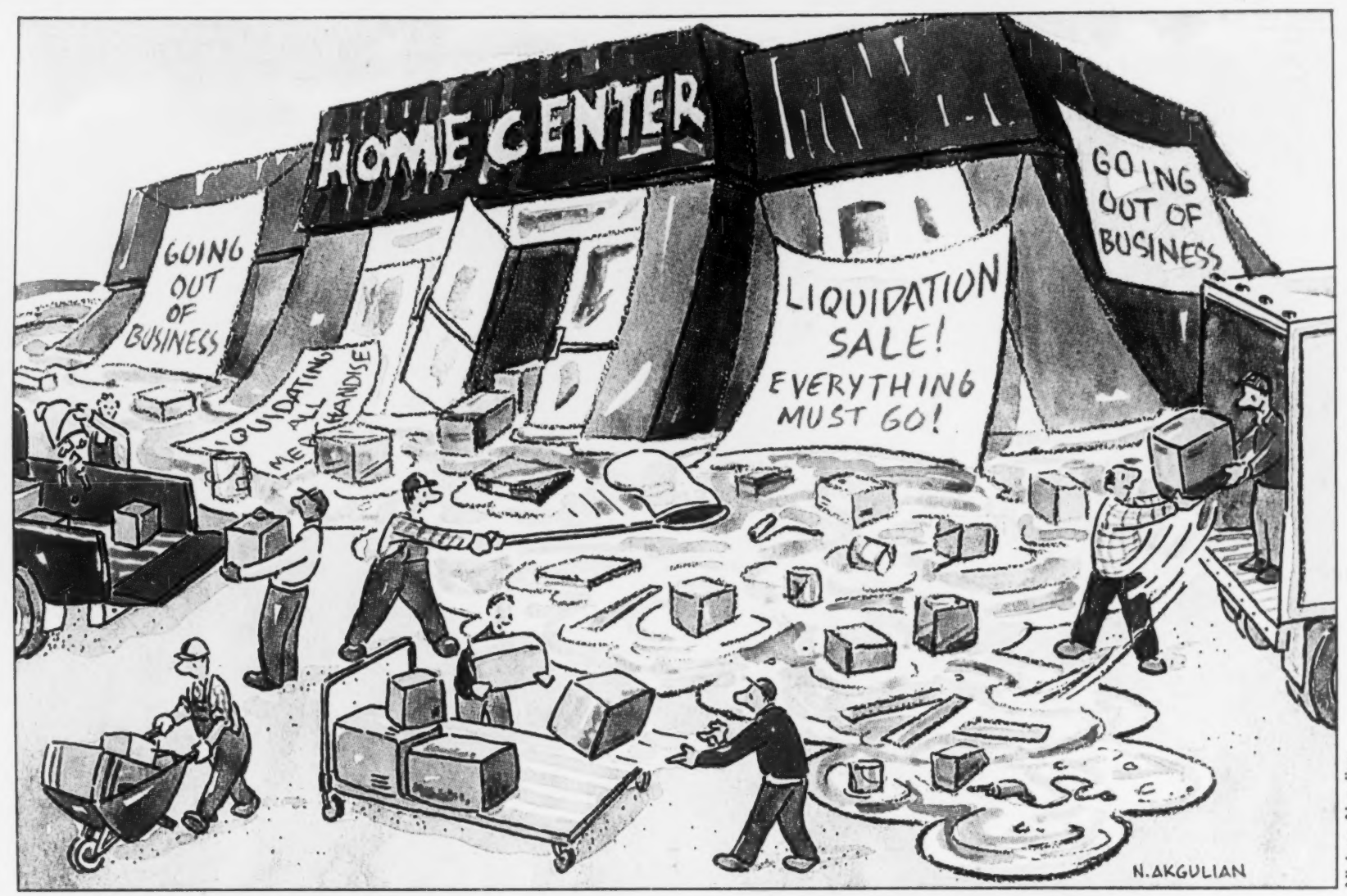
covering as a whole. Texas unemployment fell to 6.7 percent last year, the lowest since 1984 when it was 5 percent. And retail sales, which have increased steadily since 1986, jumped by \$6 billion in 1988 to \$119 billion. Complete figures are unavailable for 1989, but they are not expected to upset the trend.
That the state is still kicking is evident in Dallas, where giddy prosperity in the 1970s led to an overbuilt real estate market and scores of vacant office buildings by 1985. A developer recently announced plans to construct the city's first skyscraper in four years.
Home improvement trade is also rebounding. In recent years Payless Cashways had blamed the economies in Texas and Colorado for the chain's overall lackluster earnings performance. But the Kansas
(Continued on page 12)

84's Hardy discusses his 'caviar dreams' on 'Lifestyles'



Robin Leach (left), host of "Lifestyles," with Joe Hardy, who feels this exposure will help get his resort project off the ground.

By John Sinisi
EIGHTY-FOUR, Pa. — If you happened to tune in late last month to watch "Lifestyles of the Rich and Famous," you might have rubbed your eyes in disbelief, jumped up and shouted, "Joe Hardy? Hey! I know that guy!"
The 67-year-old chief executive officer of 84 Lumber did in fact appear on a late February episode of the syndicated television program that extols the virtues of the well-to-do.
(Continued on page 198)



Anatomy of a Liquidation

One dealer shares her tale

By an NHCN staff editor
CAPE GIRARDEAU, Mo. — After her father's death in 1985, Patricia Leavell tried to save his business, the five-store Riverside Home Center in southeast Missouri.
But by last fall, having gone through two CEOs and with sales slipping, the decision was made to liquidate the company's \$4.5 million in assets.
Riverside was one of 1,600 lumber and hardware retailers that closed last year, estimates Dun and Bradstreet. And while these businesses failed for a variety of reasons, they are nonetheless symptomatic of an industry whose businesses continue to consolidate, leaving behind a growing trail of retail assets.
In a rare, inside look at one business' contribution to this trail, Leavell agreed to share with NHCN the details of Riverside's dismantling.
Unlike some, Leavell, the oldest child and executor of her father's will, has done fairly

well by folding the business she inherited along with her mother and three sisters.
Last month, she was seeking buyers for two stores, in Dexter and Jackson, Mo. Other locations in Sikeston and Ironton were sold to former Riverside employees, while the main store here is under contract for purchase by the Saginaw, Mich.-based Wolohan Lumber chain.
Riverside's liquidation, handled by professional liquidator Midwest Acquisitions, brought high returns on store furnishings, and retrieved 76 percent of Riverside's \$2 million in inventory; a typical liquidation returns only between 52 and 55 percent.
Still, Leavell regrets having to toss in the towel. "I wish things could have been different," she says.

Management problems

More than anything, the chain's demise can be attributed to management problems. Leavell's father, Charles Harris, was an absentee owner from when he purchased Riverside in 1973, but had an able, long-time Riverside em-
(Continued on page 200)

'89 home improvement sales inch ahead

Product sales grew at a slower pace than the rest of the economy

By an NHCN staff editor
NATIONAL REPORT — Retail home improvement sales limped to record levels in 1989. And it appears that 1990 is off to a modest start, based on several retailers' reported January sales.
For what may be the first time in this industry's history, home improvement product sales grew at a slower pace

than the economy as a whole, which expanded in 1989 by 2.4 percent.
Contrary to analysts' predictions of 5 to 6 percent growth, sales from building material and hardware stores rose a mere 2 percent last year to \$78.433 billion, based on seasonally adjusted figures released by the business division of the Census Bureau.

The calculations include preliminary December figures.
The bureau readjusted and "benchmarked" the 1988 figure to \$76.893 billion.
When the data are broken down by type of retailer, the flatness in the market becomes even more evident. Building material and supply stores did \$64.236 billion in 1989, 2.07 percent more than the previous year. Hardware stores generated \$14.197 bil-
(Continued on page 5)

buying & selling

MERCHANDISING	19	Bottom line drives paneling displays
	19	Manufacturers upgrade molding selection
	30	Chains take major appliances more seriously
NEW PRODUCTS	45-50	
ADVERTISING	54	Dealers like low cost of cable television ads
	54	Steak promos used to draw in customers

perspectives

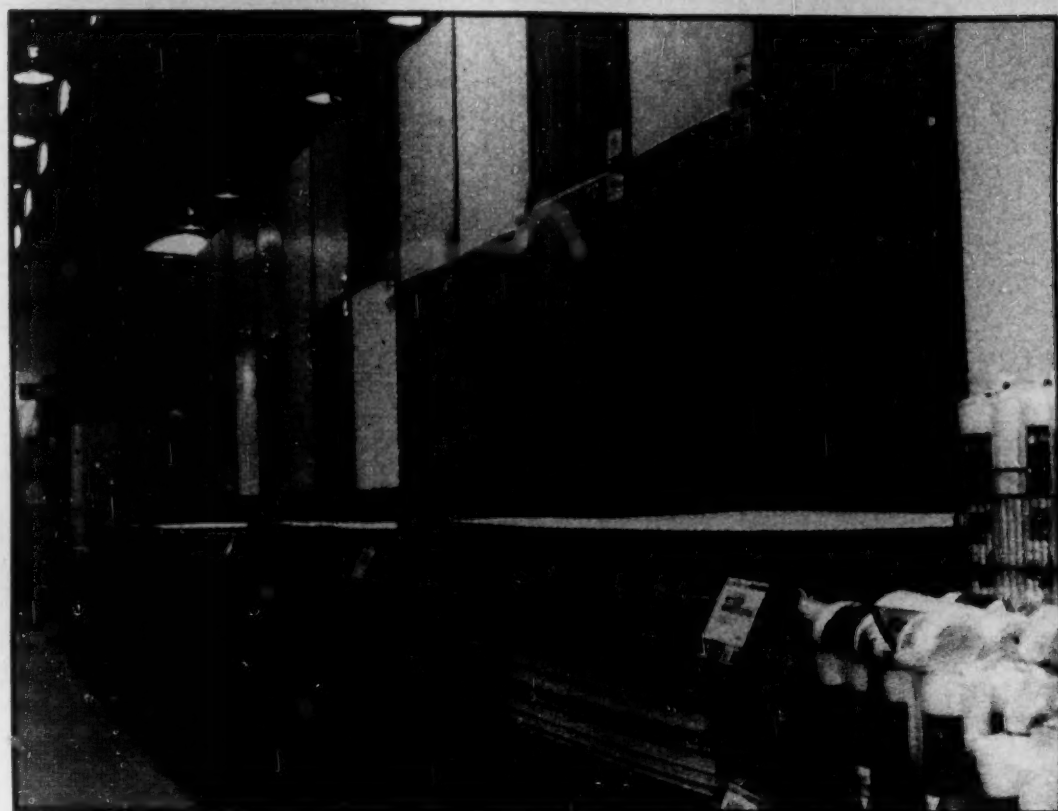
COVER STORY	69	Dealers serve up new ad menu, but vendors pick up tab
PROFILES	74	John Breedlove, Home Depot's jokester,
	88	BE's charismatic James McKittrick
	88	John Chase, HomeClub's "professional" leader
	88	Pay 'N Pak's new coach, John Markley
COMPANY PROFILE	105	Rickel heads toward HōM
	106	Company brings in Moshe Meidar, turnaround specialist
INDEPENDENTS	116	C. Markus overcomes adversity
	124	Scherer looks to the 'next generation'
	126	Kogel's opens new millwork showroom
WHOLESALEERS	130	Universal benefits from regionalization
	135	Seven D expands without debt
SPECIALTY STORES	141	Ernst fine tunes its Extra Space concept
INTERNATIONAL	144	Trade with East Europe may grow
MARKET STUDIES	148	St. Louis
		Essen Enters the computer age;
		Hoods runs bare-bones closeout operation
	150	Toledo
		'Little Detroit' undergoes resurgence;
		Janney's finds a niche in a sign
	152	Orlando
		Population explosion spurs competition;
		Dunn expands its 'family'
	164	San Diego
		Dealers enjoy lucrative market;
		Dixieline president fights crime
OPERATIONS	168	Minimum wage—dealers wonder what the fuss is about
REGIONAL REPORT	174	Charleston dealers still busy five months after Hugo
HOUSING	178	Kitchen becomes the core of the New American home
	182	Habitat For Humanity helps others

business watch

Business Watch	187	Stocks	188
-----------------------------	-----	---------------------	-----

regular features

Editorial	14	Opinion	16
Company Index	198	Index of Advertisers	198
Product Catalog Mart	191-192	Classified Advertising	193-195



Paneling 19



John Breedlove profile 74



Market Studies 148

Sales growth curtailed in '89

(Continued from page 1)
lion, only 1.68 percent higher than 1988 totals in this sector.

Strong start, weak finish

Nineteen-eighty-nine was a topsy-turvy year for this industry. It started out extremely strong and petered out in the last two months.

Government data show that sales in January 1989 from building supply stores totaled \$5.678 billion, and were 19 percent ahead of the same month a year previous. Hardware sales in this comparable

period were up 8.8 percent.

Even through August, building supply stores' sales were ahead of the same eight-month period in 1988 by 4.5 percent.

But these stores' sales during the last four months of 1989, \$21.102 billion, were actually marginally below the \$21.656 billion generated by this retail sector in 1988.

Hardware stores showed less dramatic deviation. Through August 1989 these units' sales of \$9.4 billion were around 2.5 percent ahead of

the same period a year previous. Sales in this retail sector for the last four months of each year were separated by only \$2 million.

The future is unclear

What all this bodes for 1990, though, is hard to say, as the economy in general and retailers in particular are sending out mixed signals.

Alan Greenspan, chairman of the Federal Reserve, told Congress last week that he doesn't foresee a recession on the horizon, although he ex-

pects the U.S. economy to expand by between 1.75 percent and 2 percent this year.

On the other hand, home building in January had its highest percentage gain since 1959 when it jumped 29.6 percent to a seasonally adjusted annual rate of 1.63 million units.

Despite this increase, however, most economists expect housing to be, at best, level with last year's 1.37 million-unit figure. And home building is not the primary barometer of home improvement activity it once was.

A number of major home center operators, including

Home Depot and Hechinger, don't release monthly sales data. But among those companies that do, gains in January were varied.

Grossman's sales in the month were up 4.7 percent to \$44.577 million. Lowe's volume increased 5 percent in the month to \$192 million, but its retail sales, which represented 59 percent of its total revenues, were up 14 percent. Same-store volume rose 3 percent in January.

Other positive signs were seen at Payless Cashways, whose volume from 195 stores in January expanded by 11 percent to \$121.98 million. ♦

Home centers help Habitat for Humanity help others

By Tom Neven

NATIONAL REPORT — Habitat For Humanity builds housing for low-income families, and relies on volunteer labor and low-cost or donated materials to do its work.

And home centers as small as the one unit Shiver Lumber to the giant Home Depot are providing the non-profit or-

ganization with tools and commodities, usually at cost or with a large discount but sometimes through donations.

Despite a generally depressed real estate market in much of the U.S., there are still many low-income families who cannot, and may never be able to, afford a house. Habitat For Humanity thinks they

should still have a home of their own and not have to go into debt forever to get it.

Founded in Americus, Ga., in 1976 by Millard and Linda Fuller, Habitat For Humanity currently has 330 affiliated projects in the U.S. and Canada. By December 1989, the organization had built or re-

novated 5,000 houses worldwide—1,700 of those in North America and 750 in the U.S. in 1989 alone.

Willis Shiver, president of Shiver Lumber in Americus, Ga., has been friends with the Fullers for years, and also with Habitat's most famous volunteer—former president

Jimmy Carter, from nearby Plains, Ga. Shiver has donated cash and paint to Habitat since its inception.

Doug Kuiken, vice president of Kuiken Brothers in Fair Lawn, N.J., sells or donates materials to the Pater-son, N.J., Habitat affiliate.

(Continued on page 184)



Gerald Thaxton stands in his new home in Paterson, N.J., which he help build as part of the Habitat for Humanity program. The view outside the window is a vacant lot that Habitat plans to convert into housing in the near future.

NHCN photo

NAHB analyzes remodeling activity

By an NHCN staff editor

NATIONAL REPORT — Applying a fresh coat of paint was the most popular remodeling chore accomplished by homeowners themselves in 1989, while carpeting was the job for which most homeowners hired a contractor.

The most expensive job was adding a sun room, according to a survey of remodeling activity conducted by National Family Opinion (NFO) for the National Association of Home Builders' Economics and Housing Policy Department.

The analysis is based on 1,641 responses received from single-family homeowners. Some 2,000 questionnaires were sent by NFO at random.

The survey's findings were made public during the Home Builders Show in Atlanta in January.

Nationally, painting was a popular response in several areas. It was the job most often completed by homeowners in the last 12 months; it topped the list of 10 jobs more commonly done by the homeowner; it was the job homeowners will most likely take on if they plan on moving in the next 12 months; and it was the job tackled by most homeowners who moved during the last two years.

Most of the money that went to professional remodelers in 1989 came from room additions, the survey reports. On average, homeowners paid \$13,642 each to add sun rooms; \$13,433 for a typical "up" (the addition of a second story); and \$7,308 to add a family room.

The study suggests that the homeowners who have considered remodeling this year are typically those who have been living for the past two to 10 years in houses aged 20 years or more.

Over half of the respon-

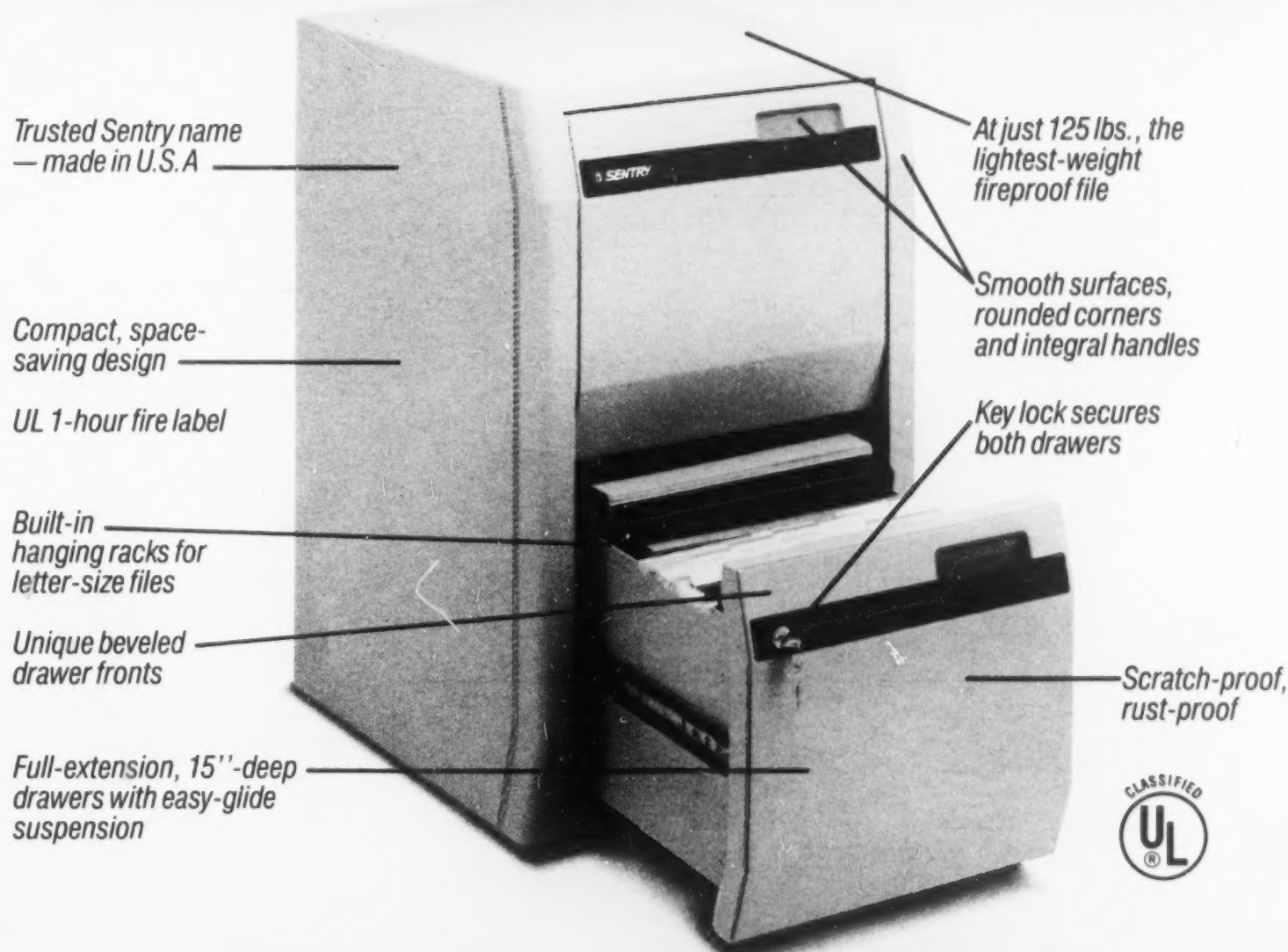
dents cited "home needed improvement/major maintenance work" as the most important reason why they chose to take on some form of remodeling. Curiously, "re-modeled and not purchased another home"—a strategy the NAHB cites regularly as a side-effect of the rising mean price of the housing market—was the reason for just 7 percent of the test group.

The low percentage of people in this survey who would admit they'd rather stay put than trade up contradicts another NAHB study, compiled for Winter/Spring 1990 by the association's Remodelers Council.

A 1988 Census Bureau poll featured in that study shows that homeowners in the Northeast, the most sluggish regional real estate market, spent more on remodeling. This implies that making the choice to remodel is tied closely to the ability to trade up in a given region.

The typical household responding to the January 1990 remodeling survey was a conventional family with a median income of \$33,800, some 22 percent higher than the national median income of \$27,500. The median age of the male head of household was 50 years.

Looks aren't everything.



There's more here than trend-setting styling. The Sentry® 2000 carries a one-hour fire safety rating from Underwriters Laboratories. Plus colorful packaging and P-O-P featuring after-fire results and the Sentry warranty and guarantee.

All at a price point that makes fire protection right for both commercial customers and the fast-growing home office market. So you can augment your sales of standard file cabinets with this unique profit category.

SENTRY
SENTRY GROUP 900 Linden Avenue, Rochester, NY 14625
800-828-1438 (in NYS 800-462-6463)

TOP TEN JOBS COMMONLY COMPLETED BY:*

The Homeowner

1. Painting
2. Wallpaper
3. Landscaping
4. Remodeled Bath
5. Window Coverings
6. Remodeled Kitchen
7. Electrical Circuits
8. Air Conditioning installation
9. Electrical Wiring
10. Vinyl Flooring

A Remodeling Contractor

1. Carpeting
2. Air Conditioning installation
3. Reshingling roof
4. Replaced windows
5. Painting
6. Replaced Water Heater
7. Heating plant installation
8. Vinyl flooring
9. Replaced Doors
10. Remodeled Kitchen

TEN MOST EXPENSIVE REMODELING PROJECTS:

Job	Cost per Job
1. Added Sun Room	\$13,642
2. Added Second Story	13,433
3. Added Family Room	7,308
4. Converted Garage	4,545
5. Finished Basement	4,468
6. Added Garage/Carport	4,415
7. Remodeled Kitchen	3,323
8. Replaced Siding	2,876
9. Added Full Bath	2,247
10. Retaining Wall	2,208

* Source: January 1990 Consumer Survey of Remodeling Activity, National Association of Home Builders, Economic & Housing Policy Department

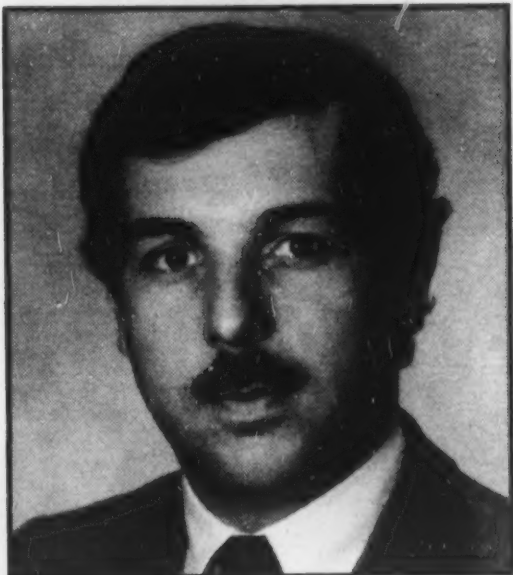
Circle 132 on Reader Service Card

Effective shrink control involves all employees

By Jay Scansaroli

In many cases, effective shrink management has spelled the difference between the success or failure of home center operations.

As Mike Lurie, president of Pergament puts it, "Every level of employee at our company, from the stores to the back office to the president's office, is involved in reducing shrink. Restoring lost shrink dollars is every bit as impor-



Jay Scansaroli

tant as capturing sales data, and it requires just as strenuous an effort."

This never-ending battle must deal with internal and external theft, as well as paper or systems shrink. Shrink control functions and coordinated efforts by key members of management are integral to effective shrink reduction.

Some retail companies have undertaken a committee approach to reduce shrink by coordinating the efforts of store operations, distribution centers, finance and data processing management. Others have hired outside experts to assist in this area.

All of these approaches involve significant cost to a business; however, the benefits can be enormous. I have seen shrink reduction programs slice shrink in excess of 1 percent of sales.

To generate winning ideas from the bottom up, and create a climate of honesty, top management needs to commit to a two-fold approach at the store level—education and incentives—to win the involvement of store managers and other employees.

Shrink can be reduced without a major investment. Lowering gondolas which don't block salespeople's view of customers, and having employees who make it a policy to have contact with every customer have long been two very effective methods of re-

ducing shrink.

Secondly, an educational campaign can develop a sense of employee ownership when it comes to solving the shrink problem. Employees are more effective when it comes to executing programs they feel responsible for.

Store-manager, distribution manager or even floor-level-employee incentive programs are logical tie-ins to these educational efforts. Most incentive programs are offset not only by hard-dollar savings, but in improved customer service, morale and lower employee turnover.

Paper or systems shrink requires the most unified effort of management. At the core of this component of shrink is the company's ability to implement adequate controls with respect to documentation and processing in the many areas of merchandise movement.

The areas which must be examined and evaluated systematically to determine if effective controls are in place include distribution center and store receiving, store transfers and returns to vendors. Control and accountability of store markdowns, customer returns, accounts payable and sales reporting are critical in controlling paper shrink.

Technology can also help. All American Home Center, a \$32 million dealer in Downey, Calif., saw its shrink dwindle from 2.5 percent of sales to 1.67 percent of sales as a result of improved POS equipment, which reduced employee mistakes and theft when keying in prices at checkout.

Payless Cashways, the \$2 billion chain based in Kansas City, Mo., is retooling its computerized inventory files to track shrink in 17 of its stores' departments by year's end.

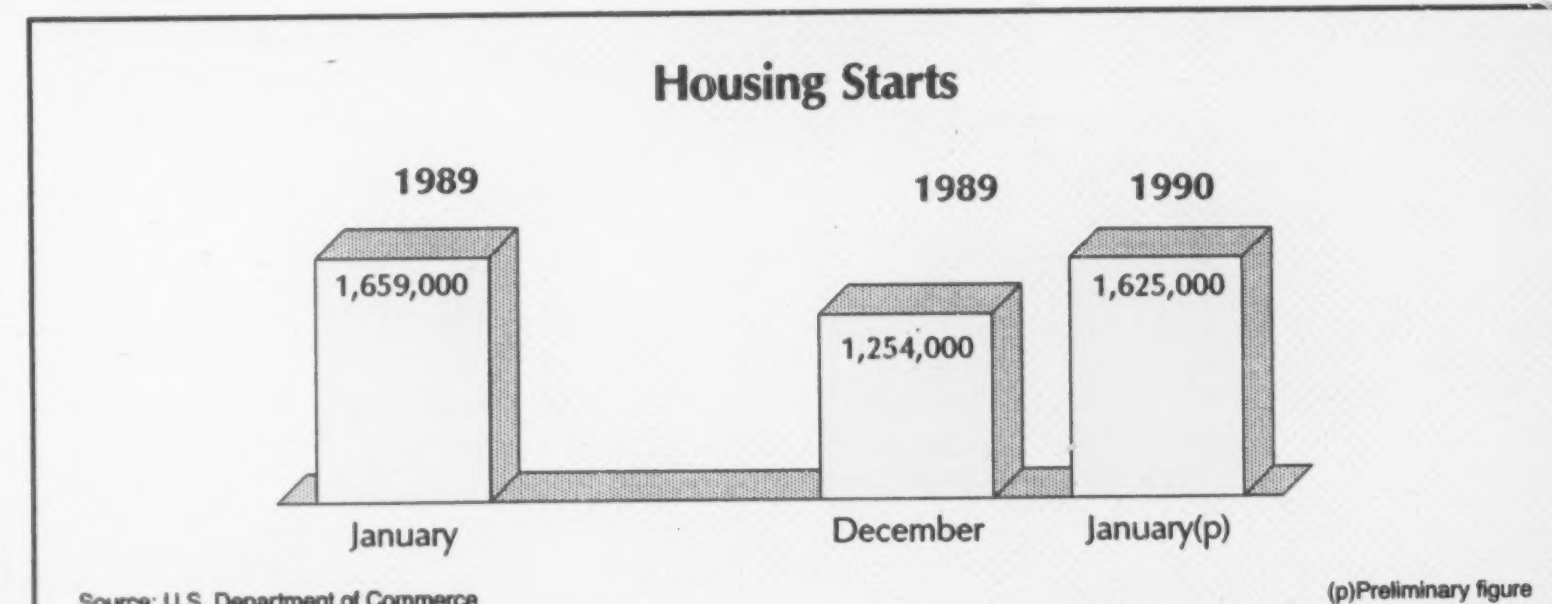
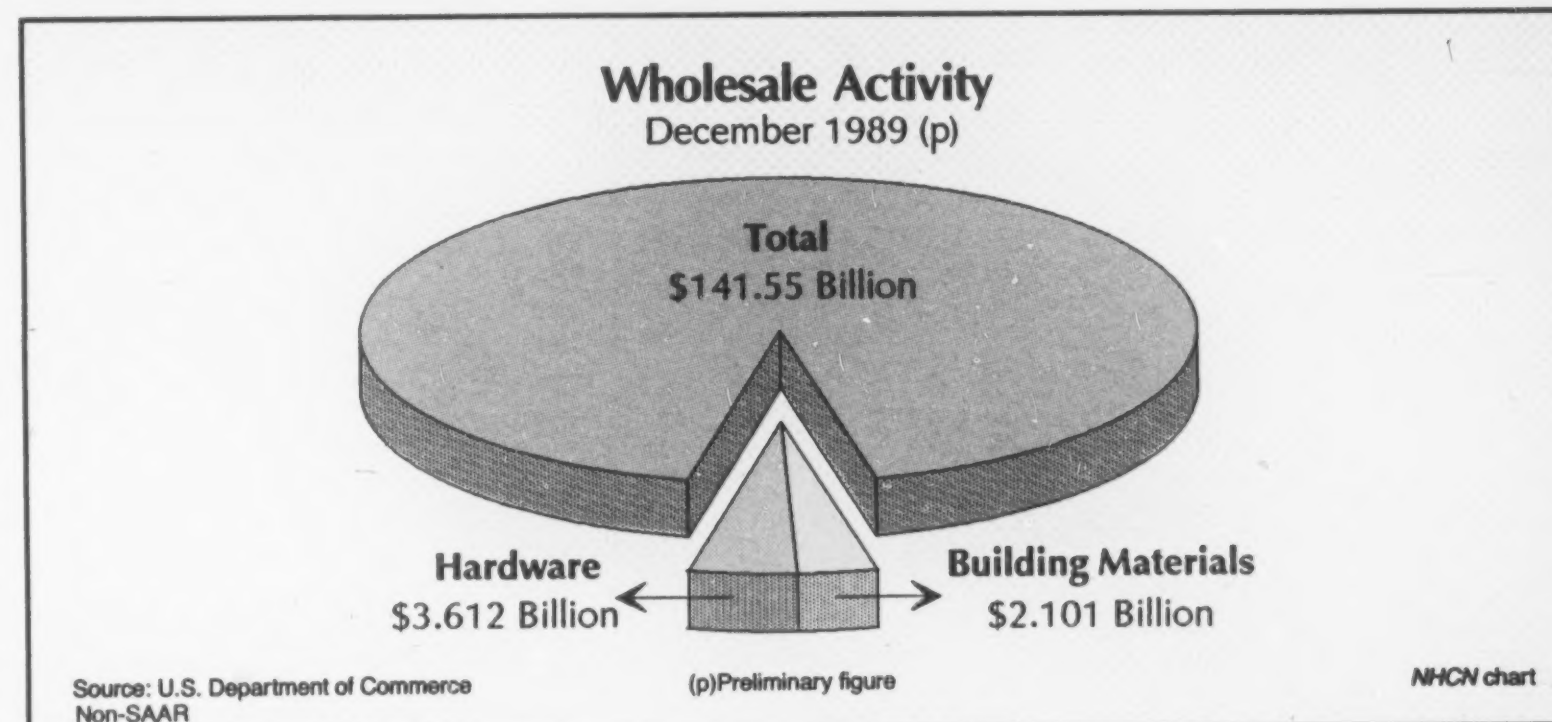
The advent of bar coding in this industry has abetted shrink control efforts, especially now that chains such as Chase Pitkin, an \$80 million chain based in Rochester, N.Y., are experimented with UPC stickers on lumber and building products.

"A shrink problem will not cure itself," notes Stan Silver, chief administrative officer of Pergament. "It takes a focused, disciplined effort, not to mention hard work and commitment."

—Jay Scansaroli is a partner, Arthur Andersen's Retail Practice in New York.

Building materials dealers experienced a steep decline in December sales, both on an seasonally adjusted and unadjusted basis, according to preliminary figures supplied by the Bureau of the Census. Hardware stores, though, showed essentially flat sales in the month, compared to the same period in 1988.

The same pattern held for wholesalers in this industry.

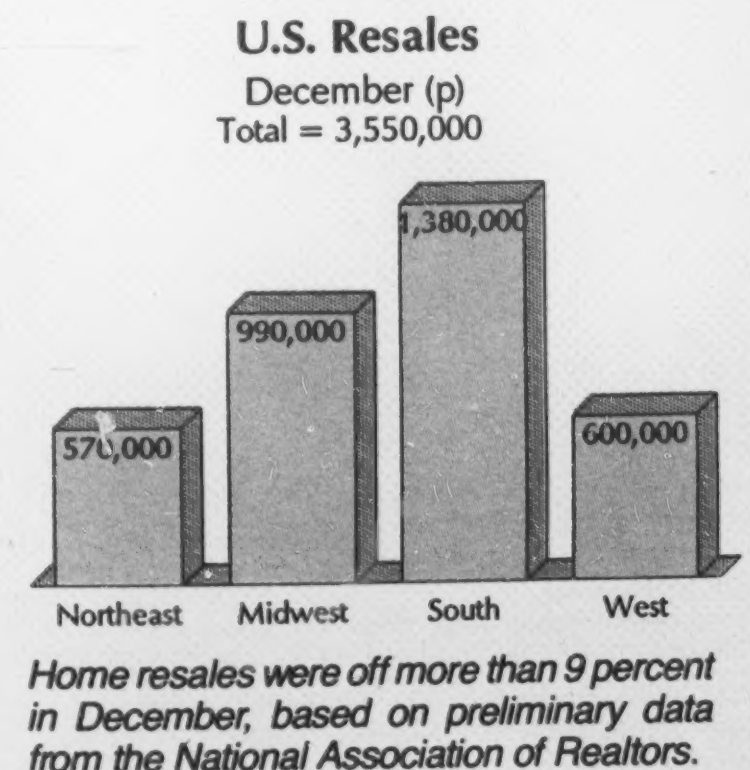


Housing Affordability

	National Total	
	DEC 1988	DEC 1989 (p)
Affordability Index Composite*	111.5	108.2
Median Price Existing Home	\$88,700	\$92,500
Average Mortgage Rate	9.59%	9.96%
Payment as Percentage of Income	22.4%	23.1%
Median Family Income	\$32,191	\$33,600
Qualifying Income	\$28,864	\$31,066

*The affordability index is based on the five criteria listed above.

Source: National Association of Realtors (p) Preliminary figure



Source: National Association of Realtors

NHCN charts

Dollars to Rubles? Conversion solution is worth \$25,000

By an NHCN staff editor

SAN FRANCISCO — An American named Fred Furth wants to uncover an answer to the problem of the Eastern Bloc's currency exchange. So he's offering \$25,000 for the best solution to the question of ruble conversion, which could become a model for changing other Comecon currencies.

Entrants have until April 1 to submit research papers to a panel of Soviet and American economists which will select the most innovative and practical approach to ruble convertibility

and reward the \$25,000 Ruble Prize.

Furth, an California attorney, devised the contest while in Russia on business last year.

"We see this as a starting point for serious discussion within the Soviet Union," said Furth. "Several members of the Supreme Soviet said it was possible to put this [convertibility] program onto the political agenda."

Second place gets \$10,000, third place \$5,000. The papers, sent to Furth's foundation in San Francisco, can be no longer than 25 pages written in Russian and English.

Due to political upheaval in Eastern Europe in the last months, the ruble's value has plummeted from \$1.60 to 16 cents against the U.S. dollar.

Stocks prices take wide swing

The price pendulum was swinging widely for home improvement companies' stocks during the two weeks ended Feb. 16.

Twenty of the 46 companies tracked for NHCN by Media General incurred a decline in their stock price. Another five stocks were flat.

Two retailers—General Building Products and National Lumber—saw severe dips in their prices. GBP's officials have reported softer sales and profits as a result of a declining economy in the Northeast; National, as reported in this newspaper a few weeks ago, is going through a serious restructuring of its stores.

Among manufacturers, Nortek—the parent company of Broan, Universal-Rundle and Dixieline Lumber—witnessed its stock price dip by 20 percent. Catalina Lighting, which has been on a number of "recommended" lists of late, fell by more than 14 percent to \$7.88 per share.

On the plus side DeSoto, which put its paint division on the block, and USG saw healthy stock price gains.

Gainers
21

Unchanged
5

Losers
20

HOME CENTER MARKET SUMMARY

		STOCK PRICE							VOLUME				EARNINGS/SHARE					P/E	DIVIDENDS			FINANCIAL POSITION						
		Covering The Period 02/02/90 - 02/16/90													Latest 12 Months vs Preceding 12 Months Change											Last Fiscal Year (Per Share)		
Company (Exchange)	Symbol	High	Low	Close	Change		52-Week		Total Volume This Period	% Shrs. Outstanding	Average Daily Vol. Last 52 Week	Average Daily Vol. This Period	Last Fiscal Year	Amt.	Pct	5-Year Annual Growth Rate	Profit Margin	Latest P/E Ratio	Indicated Divd. Rate		Last X-Dvd. Date	Last Fiscal Year		Current Ratio	Long Term Debt	Common Stock Equity	Last Balance Sheet Date	
		\$	\$	\$	\$	%	\$	\$	(100)	%	(100)	(100)	\$	\$	%	%	%	-	\$	%	-	\$ Mil	\$ Mil	-	\$	\$	-	
Retailers																												
Gen Bldg Prods (O)	GBLD	2.00	1.25	1.25	-.38	-23.08	5.00	1.25	14	.04	28	1	-.06	-.79	N	-100.0	NC	-3	NE	.00	.0	00-00-00	79.3	-2	4.6	5.48	4.01	1188
Grossman's Inc (O)	GROS	4.38	4.13	4.38	.13	2.94	9.75	3.88	5,946	2.28	2,160	595	.67	.17	F	34.0	NC	1.7	6.5	.00	.0	00-00-00	1052.1	17.6	1.8	6.15	3.88	1288
Hechinger A (O)	HECHA	12.50	12.13	12.25	.00	.00	19.63	10.75	6,984	3.41	1,241	698	NA	NA	NA	NA	NA	NA	.16	1.3	01-29-90	NA	NA	NA	NA	NA	NA	
Hechinger B (O)	HECHB	12.25	12.00	12.00	.25	2.13	19.50	11.50	252	.17	68	25	1.30	-.26	N	-21.0	11	4.8	12.2	.06	.5	01-29-90	1019.4	48.8	3.9	4.95	10.14	0189
Home Depot (N)	HD	38.25	36.25	36.38	.00	.00	38.75	21.69	18,894	2.49	2,027	1,889	1.00	.34	N	35.4	49	3.8	28.0	.12	.3	11-22-89	1999.5	76.8	1.7	1.45	5.16	0189
K mart Co (N)	KM	34.25	32.75	32.75	-1.25	-3.68	44.88	32.38	35,627	1.78	6,459	3,563	4.00	.05	N	1.4	16	2.9	8.9	1.64	5.0	02-09-90	27301.0	803.0	2.0	14.78	25.13	0189
Lowe's Cos (N)	LOW	27.75	26.63	27.00	-.25	-.92	32.13	22.25	3,827	1.03	613	383	1.83	.33	N	19.1	4	2.7	13.1	.52	1.9	01-10-90	2516.9	69.2	2.0	5.12	15.80	0189
NHD Stores (O)	NHDI	4.50	4.00	4.06	-.31	-7.14	9.50	4.00	290	2.23	39	29	.79	-.34	N	-45.3	4	1.9	9.9	.00	.0	09-16-86	51.4	1.0	2.1	4.07	7.14	0189
Natl Lumber (O)	NTLB	1.13	.88	.88	-.25	-22.22	2.88	.88	59	.10	42	6	-.82	-.58	N	NE	NC	-3.0	NE	.00	.0	00-00-00	152.0	-4.6	1.2	.21	2.86	0189
Sears, Roebuck (N)	S	40.63	38.50	40.13	1.75	4.56	48.13	36.50	64,952	1.90	7,283	6,495	4.30	1.90	F	79.2	-2	2.8	9.3	2.00	5.0	02-16-90	53793.9	1508.5	.0	26.15	37.75	1288
Std Bld Pnt (N)	SBP	13.38	12.13	12.75	.50	4.08	19.38	11.50	547	.96	248	55	.37	1.00	N	NE	-27	1.2	24.5	.00	.0	08-11-87	304.4	3.7	2.8	28.85	6.65	0189
Strober Organiz (O)	STRB	3.00	2.50	3.00	.00	.00	8.75	2.50	417	.69	64	42	.64	-.59	N	-80.8	-10	2.8	21.4	.00	.0	00-00-00	140.4	3.9	1.7	1.09	4.93	1288
Walman Lumber (O)	WLHN	16.25	15.25	16.25	.25	1.56	21.81	15.00	523	.81	163	52	1.75	.07	N	4.1	42	4.3	9.1	.28	1.7	02-23-90	257.8	11.2	2.6	4.36	8.20	1288
Wholesalers																												
Hughes Supply (N)	HUG	17.63	16.75	16.75	-.63	-3.60	21.88	16.63	495	1.04	71	50	1.99	-.15	N	-7.6	9	1.9	9.2	.36	2.1	02-05-90	501.9	9.7	3.0	15.72	18.88	0189
Moore-Handley (O)	MHCO	4.75	4.50	4.50	.00	.00	4.75	3.75	58	.26	20	6	-.17	-.18	N	NE	NC	-5	NE	.20	4.4	10-03-88	99.7	-5	2.0	3.18	5.98	1288
Manufacturers																												
Am Consum Prods (O)	ACPI	7.50	6.75	6.75	-.75	-10.00	10.00	6.75	56	.22	34	6	.70	.10	N	14.9	NC	2.3	8.8	.00	.0	06-08-88	78.6	1.8	4.3	7.33	5.40	1288
Am Woodmark (O)	AMWD	6.75	6.38	6.50	-.25	-3.70	13.75	6.38	11	.02	55	1	1.00	-.09	S	-11.8	NC	4.7	9.7	.00	.0	05-24-88	158.1	7.5	2.3	3.65	5.41	0489
Armstrong Wrid (N)	ACK	35.50	33.38	34.75	.50	1.46	50.88	31.75	5,488	1.23	1,941	549	3.44	-.07	F	-2.0	14	6.6	10.1	1.06	3.1	02-05-90	2512.5	165.9	1.2	4.02	21.73	1288
Black & Decker (N)	BKD	16.88	14.75	16.38	-.50	-2.96	24.88	14.75	29,838	5.07	2,868	2,984	.51	-1.96	Q	-100.0	NC	.9	NE	.40	2.4	03-12-90	3190.3	30.0	1.3	44.64	12.23	0989
Boise Cascade (N)	BCC	39.75	35.50	37.25	-2.25	-5.70	48.00	35.50	10,054	2.57	1,352	1,005	6.19	-.15	F	-2.4	39	6.2	6.0	1.52	4.1	03-09-90	4338.0	267.6	1.3	20.59	37.34	1288
Catalina Lghtg (A)	LTG	7.88	5.75	6.63	-1.13	-14.52	15.25	5.75	6,388	12.65	228	639	.61	.20	F	48.8	NC	4.6	10.9	.00	.0	00-00-00	54.6	2.5	1.6	.06	1.52	0988
Champ Intl (N)	CHA	28.38	26.88	27.38	-.75	-2.67	37.75	26.88	34,625	3.67	3,074	3,463	4.56	-.24	F	-5.0	NC	8.4	6.0	1.10	4.0	12-11-89	5163.2	432.4	1.4	20.00	35.05	1288
Clairson Intl (O)	CLIC	8.75	8.50	8.75	.25	2.94	8.75	2.75	951	1.87	191	95	-3.79	-4.34	F	-100.0	NC	-18.5	NE	.00	.0	00-00-00	104.2	-19.3	.7	.75	.06	0988
Cooper Indus (N)	CBE	40.13	38.00	38.63	.25	.65	40.50	27.06	22,750	2.09	2,132	2,275	2.51	.30	F	13.6	18	5.2	15.4	1.00	2.6	12-05-89	5129.4	267.8	1.7	11.54	17.47	1288
DeSoto Inc (N)	DSO	42.25	30.75	40.00	7.00	21.21	52.50	28.00	9,960	24.65	388	996	.79	-2.89	N	-100.0	NC	.8	NE	.40	1.0	12-20-89	402.5	3.2	1.8	12.33	24.29	1288
Georgia Pacific (N)	GP	46.00	44.13	45.13	.75	1.69	62.00	39.75	14,161	1.63	2,431	1,416	7.42	2.66	F	55.9	49	6.5	6.1	1.60	3.5	02-12-90	10171.0	661.0	1.9	26.51	27.79	1288
La Pacific (N)	LPX	40.38	38.88	40.38	1.50	3.86	44.50	29.63	5,772	1.50	1,059	577	5.04	1.02	F	25.4	46	9.6	8.0	1.00	2.5	02-09-90	2009.5	192.6	3.3	9.92	30.51	1288
Macmillan Bloedel (O)	MMBLF	14.75	14.25	14.75	.63	4.42	17.88	14.13	4,650	.45	490	465	1.96	-.62	F	-24.0	NC	7.5	7.5	.80	5.4	02-16-90	2826.8	213.0	11.7	1.45	10.86	1288
Marville Co (N)	MVL	8.25	7.88	8.13	.25	3.17	10.50	7.00	2,653	.55	636	265	1.48	.69	F	87.3	NC	9.0	5.5	-.00	.0	00-00-00	2191.9	196.8	1.7	22.06	7.39	1288
Masco Corp (N)	MAS	24.63	23.50	24.63	1.00	4.23	31.13	23.50	19,255	1.23	3,261	1,926	2.10	-.23	N	-11.7	14	11.8	14.2	.52	2.1	01-08-90	2438.6	288.3	3.0	7.30	11.30	1288
Mor-Flo Inds (O)	MORF	5.00	4.38	4.38	-.63	-12.50	7.75	4.38	238	.94	15	24	-1.11	1.05	N	NE	NC	-1.3	NE	.01	.2	12-13-89	218.0	-2.8	1.8	12.85	14.08	1288
Newell Co (N)	NWL	25.25	22.38	24.75	1.00	4.21	25.25	14.63	7,520	1.28	1,137	752	1.41	.32	F	29.4	28	7.6	17.6	.50	2.0	02-20-90	1122.9	85.4	1.7	3.28	5.59	1288
Nortek Inc (N)	NTK	4.88	3.88	3.88	-1.00	-20.51	9.50	3.88	1,597	1.14	234	160	.90	-1.11	N	NE	NC	1.1	NE	.10	2.6	12-22-89	1224.2	13.2	2.9	38.65	16.34	1288
Owens Corning (N)	OCF	23.50	22.00	22.38	-.75	-3.24	36.88	20.50	7,514	1.87	1,119	751	4.08	-.63	F	-13.4	NC	5.7	5.5	.00	.0	00-00-00	3000.0	172.0	1.2	32.73	-15.18	1288
Ply-Gem (A)	PGI	9.50	8.75	9.00	-.13	-1.37	15.00	8.63	1,600	1.49	209	160	1.41	.03	N	3.1	11	4.1	9.0	.12	1.3	02-09-90	383.7	15.9	4.0	7.71	9.37	1288
Pope & Talbot (N)	POP	24.38	23.63	24.00	.50	2.13	29.75	19.00	1,148	.97	257	115	3.70	1.02	F	38.1	NC	7.0	6.5	.72	3.0	01-30-90	618.8	43.6	1.9	6.24	13.05	1288
Potlatch Co (N)	PCH	37.88	36.00	37.63	1.88	5.24	38.88	31.00	3,422	1.19	393	342	4.04	.86	N	23.0	33	10.4	8.2	1.20	3.2	02-08-90	1084.1	112.4	2.4	13.66	24.97	1288
PPG Inds (N)	PPG	40.00	38.88	39.63	.13	.32	46.00	37.00	10,880	1.00	1,637	1,088	4.18	-.08	F	-1.9	17	8.1	9.5	1.52	3.8	02-13-90	5734.1	465.2	1.5	8.00	20.48	1288
Rep Gypsum (N)	RGC	5.13	4.88	5.00	.00	.00	5.75	4.38	596	.59	59	60	.24	-.07	S	-33.3	-31	5.0	35.7	.20	4.0	02-22-90	48.1	2.4	3.6	.90	3.19	0689
Sherwin-Williams (N)	SHW	33.63	31.50	32.00	-.63	-1.92	35.75	25.88	9,877	2.29	989	988	2.52	.22	F	9.6	12	5.1	12.7	.70	2.2	11-13-89	2123.5	108.9	2.0	3.01	13.97	1288
Stanley Works (N)	SWK	35.75	34.50	35.25	.50	1.44	40.00	28.75	3,767	.86	836	377	2.71	.31	F	12.9	9	6.0	13.0	1.08	3.1	12-04-89	1971.5	117.7	2.7	7.93	16.31	1288
Thos Inds (N)	TII	19.13	18.50	18.75	-.13	-.66	20.88	17.63	345	.34	87	35	2.02	.40	F	24.7	6	4.7	9.3	.76	4.1	11-27-89	436.6	20.6	2.7	3.22	12.25	1288
Union Camp (N)	UCC	35.63	34.00	34.50	-.75	-2.13	41.38	33.25	11,163	1.62	1,700	1,116	4.35	.10	F	2.4	22	10.8	7.9	1.48	4.3	02-26-90	2761.3	299.4	2.4	9.13	22.66	1288

84 Lumber ceo appears on 'Lifestyles'

(Continued from page 1)

Hardy, whom *Forbes* estimates is worth at least \$350 million, says he agreed to be the subject of a "Lifestyles" segment for more than a simple discussion of "champagne wishes and caviar dreams."

"I'm trying to get this resort off the ground," he explains. Hardy, who first met the show's host, Robin Leach, a year ago, thinks an appearance on "Lifestyles" is an opportunity to get some free publicity for his \$55 million, 550-acre Nema-colin Woodlands resort, golf course and spa, run by his daughter, Maggie.

Hardy says he was impressed with his encounter with Leach.

"He's real down-to-earth, that old Robin Leach," says Hardy, refuting the TV personality's unctuous public persona. "He runs his interviews like a friendly visit; you just sit down and start bulling for a while."

Home giveaway

Hardy says he was even able to get in a plug for the 350-unit 84 Lumber chain—"We talked about our growth a little bit"—but he's not sure whether that will end up on the cutting room floor. "I mean, we went at it for seven hours or so, so who knows?" he says.

If Hardy had a chance to go on the air with 84 Lumber news, he'd probably discuss the new promotional campaign, devised by executive vp Doug Murdoch, to coincide with the grand openings of 15 to 20 stores this year.

"We're calling it 'The 84 Home Giveaway,'" Hardy explains. As he describes it, the company will run a year-long drawing for a package of building materials valued at some \$35,000, sufficient to build a 2,000-square-foot house.

"We've sold complete home

packages before, so this is a good promotion in that it ties together with that aspect of our business," he adds.

Customers will be able to enter the drawing at any of the 15 to 20 grand openings 84 has scheduled for this year. The

first drawing will be held at the grand opening of the Ripley, W. Va. store, which should be unveiled on March 22. Openings in Elma and Dunkirk, N.Y., and in Austintown, Ohio, will follow the Ripley debut.

Murdoch, who is viewed by many in the company as Hardy's protege, has several oth-

er promotions that are in the planning stage at present.

One pet project, still in a conceptual phase, is a TV show that focuses on teaching DIYers to be their own contractors. Another, called "Conifers for Kids," will make the chain's yards available for non-profit children's charities to sell Christmas trees. ♦

Advertisers Index

Boldface denotes reader service number

Allied Fence	200, 149
American Power Products	138, 92
American Stone Mix	173, 125
American Tool Co.	68, 47
Andersen Corp.	34, 35, 28
Aqua Plumbing Products	172, 122
Arax Products Div.	171, 121
Argee Corp.	10, 7
Bemis Mfg.	77, 52
Bertch Cabinets	155, 105
Boeway Industrial Corp.	137, 181
Brainerd Mfg.	162, 110
Brainerd Mfg.	162, 111
Brainerd Mfg.	163, 112
Brainerd Mfg.	163, 113
Briggs/Beautyware	27, 22
Buck Work-man	134, 90
Buck Work-man	135, 91
Cahners Exposition Group	123, 82
Cahners Exposition Group	121, 122
Carlson	60, 43
Cartained Corp.	197, 143
Catalina Lighting	100, 69
Celotex Corp.	99, 99, 66
Cendal Industrial Corp.	137, 184
Central Builders Supply	28, 23
Chesapeake Hardwood	2, 3, 4, 3
Chevron Chemical	90, 59
China Economic News	137, 182
Clairson International	18, 15
Coast-to-Coast	76, 51
Cole Sewell	94, 62
Collins Company	131, 87
Colony Paints	32, 27
Columbus Coated Fabrics	196, 142
Cooper Tools	33
Crawford Products	26, 21
Credo	141, 94
Credo	142, 94
Credo	144, 94
Croft Metals	95, 63
Custom Building Products	128, 129, 86
Custom Leathercraft	12, 11
Darworth Co.	17, 14
De Soto	181, 131
Design House	24, 19
Design Technologies	147, 100
Dexter Lock	149, 101
D.G. Moulding	36, 29
Dimango Products	45, 30
Dutch Boy Group	118, 119, 80
Eagle Electric	55, 38
Earl-Gard	176, 126
Economic Daily News	137, 183

E.L. Mustee and Sons	168, 118
En-Pak	172, 123
Eveready Battery	25, 20
Eveready Battery	117, 79
EZ Painter	78, 79, 53
Flambeau Products	80, 54
Flecto	177, 129
Fluidmaster	127, 85
Franklin Brass	20, 16
Freud	9, 5
Gemini Industries	120, 81
General Marble	11, 9
Genova Inc.	202, 146
Georgia Pacific	112, 113, 75
Gidden	157-160, 107
Gold Bond	86, 86, 57
Graber Industries	126, 84
Gruppo Ratti Silvio	12, 10
Halcyon	169, 119
Henry Company	154, 104
Holland S.W. International	199, 144
Hunter Company	49, 34
ICL	186, 139
Idaho Timber Corp.	10, 8
Innovative Controls	108, 109, 72
Kanuf Fiber Glass	180, 130
Keller Industries	161, 109
Keller Industries	145, 98
Keller Industries	190, 141
Keystone Franklin	165, 116
Khoury	116, 78
Knappe & Vogt	52, 53, 37
Knauf Fiber Glass	178, 130
Kraftmaid Cabinetry	183, 134
Laminations	96, 64
Lane Publications	156, 106
Larson Mfg.	59, 42
Lee Rowan	13, 12
Lights of America	189, 140
Louisiana-Pacific	66, 67, 46
Lucite Brand	101-104, 70
Macco Adhesives	111, 74
Makiki Electronics	96, 65
Mansion Industries	96, 66
Manville Sales Corp.	22, 23, 18
McCloskey Paint	166, 167, 117
Melard Mfg.	175, 127
Moore Group	88, 58
Moore Group	89, 58
MW Manufacturing	29, 24
Nalcor Inc.	168, 147
National Manufacturing	46, 47, 32
National Stores Fixtures	10, 6
Olin Chemical Corp.	81-84, 55
Oregon Research & Development	139, 140, 93
Orrville Leather	172, 124

Pacific Fabrication	144, 97
Pak-Mix	75, 49
Pine Mountain Corp.	143, 96
Pooltime Products	115, 77
Poulsen/Weed Eater	50, 35
Price Pfister	15, 13
Price-Log Publications	142, 95
Prime Source	185, 138
Priss Prints	65, 45
Quikrete Companies	91, 60
R.D. Werner	56, 39
Registar	136, 180
Reliance Water Heater	107, 71
Riviera Cabinets	201, 145
Royal Appliances	174, 126
Royal Rubber	45, 31
RSG Forest Products	132, 86
Rubbersel	92, 93, 61
Schlage Lock	37-44, 2
Sentry Group	182, 132
Sequentia Inc.	161, 106
Skill Corp.	124, 125, 83
Square D	30, 25
Stanley Parker	72, 73, 48
States Industries	164, 114
Steel City	31, 26
Sunny Wood	97, 67
Therm Technology	57, 40
Thermwell Products	21, 17
Tilton Industries	58, 41
U.S. Brass	133, 89
USG Interiors	146, 99
Vagades Industries	164, 115
Vermont American Tool	152, 153, 103
Warner Mfg.	184, 137
Waxman Industries	7, 4
Wayne Home Equipment	170, 120
Weed Wizard	76, 50
Weiser Lock	51, 36
Wen Products	179, 148
Whitewater Industries	184, 136
Whittier Wood	110, 73
Wood Pro Cabinetry	184, 135
W.R. Bonsal	176A, B, 1
W.W. Henry	48, 33
Yale Security	85, 56
Yin King Industrial Co.	137, 185
Zircon	61-64, 44

This index has been compiled for the convenience of our advertisers and readers. While every precaution is taken to prevent mistakes, the publishers cannot be held responsible for errors or omissions.

*Asterisk indicates regional ad.

National Home Center News (ISSN 0192-6772) is published 23 times a year, twice a month, monthly in December, beginning with the second Monday in January; by Lebhar-Friedman Inc., 425 Park Ave., New York, NY 10022. Subscriptions are available at no charge to qualified retailers and wholesalers of lumber and building supplies and hardware. Paid subscriptions are available to nonqualifying retailers and wholesalers, and to manufacturers and others at \$69 per year in the U.S.; \$79 per year to Canada; \$219 per year to all other countries (air mail only). Group subscriptions available in the U.S. (1-4 copies, \$69; 5-19 copies, \$64; 20 or more copies, \$59). Single rate copy is \$3 except last two May issues (Annual Census Issues) \$30 each, \$50 for both.

Second class postage paid at New York, N.Y., and additional mailing offices. Vol. 16, No. 5, Copyright© 1990 by Lebhar-Friedman Inc. All rights reserved. Postmaster: Please send address changes to Subscription Dept., National Home Center News, 305 Madison Ave., Suite 535, New York, N.Y. 10165-0079. For change of address six weeks is requested. Give old and new address and zip code. If possible, enclose address portion from cover on previous issue.

Vol. 16, No. 5

March 5, 1990

Index of Companies in This Issue

Abitibi-Price	24
A.C. Nielsen	65
Accent Hardwood Flooring and Supply	134
Ace Hardware	8, 10, 12, 76, 151, 166
All American Home Center	187
American Moulding Corp.	21
American Tack & Hardware	50
Ames Department Stores	8, 88, 90
Andersen	6, 71, 134, 154
Anderson Corp.	150
Andersons General Store	151
Angels Home Improvement	96
Argee Corp.	45
Attraction Management	56
Bargain World	90
Bay City Plywood	54
Berkus Group Architects	178
Bienert Hardware	161
Big B Lumber	123, 125
BJ Wholesale Club	88, 94
Black & Decker	65, 71, 144
BMC West	8
Brannet Hardware	148
Broan	188
Builders Emporium	8, 14, 76, 88, 90, 106, 200
Builders Square	12, 16, 96, 130, 148, 150, 151, 152, 154, 161, 162, 163
Bumba Lumber	164
Bunzl PLC	144
Butler Hardware & Lumber	54
C. Markus Hardware	116, 123
Campbell's	30, 32
Carolina Supply & Construction Co.	177
Carlin Lumber	150, 162
Cashway Building Centers	21, 96
Catalina Lighting	168
Center Hardware	12
Central Hardware	16, 54, 148, 154, 161
Channel	70
Charleston Lumber	174, 177
Chase Pitkin	187
Chesapeake Hardwood	24
Chic Lumber	161
Child World	94
ChoiceWood	21
City Mill	76, 85
Clorox	58
Coby & Coby	134
Cole National Corp.	94
Contact Lumber	21
Conyers	8
Cooper Tools	144
Cotter & Co.	8, 10, 78
Craft Showcase	94

Crafts & More	90
Cramer's Home Building Centers	170
Creditanstalt	144
Crissey-Fowler Lumber	26
DeGol's Carpet	135
DeSoto	188
Diacon Systems	106
Diamond Lumber	8, 200
Dimension Media Service	65
Dixieland Lumber	28, 164, 166, 167, 188
Dunn Corp.	153, 163
Dunn Hardware	163
Duraflame	8
Eclipse Industries	200
84 Lumber	1, 150, 162, 168, 198
Elkins Builders Supply	168, 170
Emet	26, 69, 141, 142
Essen Hardware and Lumber	16
Extra Space	26, 148, 154, 161
Fischerwerke	146
Fish Building Centers	71
Flex Trim Moldings	21
Furman Lumber	8
G.C. Murphy	90
General Electric Plastics	180
General Building Products	188
Georgia-Pacific	8, 19, 148
Gladieux Lumber	150
Grace Home Centers West	96
Great Northern Nekocosa	8
Grossman's	130, 168, 170, 5
Habitat For Humanity	182, 184
Hamilton Displays	21
Handley Lumber	152
Handy Andy	74, 150, 151, 161, 162
Handy Dan	85
Handy Dan	96
Handyman	166
Hardware Hank	10
Hardware Wholesalers, Inc.	12, 130, 154
Harrod's	105
Hechinger	5, 16, 106
Heintz Home Center	71
Highland American	6, 32
Hill-Behan Lumber	148, 154, 161
Hold It	142
Holland Southwest International	19
HoM	105
Home Depot	5, 12, 14, 18, 30, 32, 95, 70, 74, 89, 106, 123, 130, 152, 153, 163, 164, 166, 170, 172, 184, 200
Home Quarters Warehouse	18, 106, 174
Home Repair Company	162

Home Supply	54
HomeClub	14, 88, 89, 94, 130, 200
Hometown Building Materials	200
Howell	56
Hoods	148
House of Fraser	105
Housing Information Center	178
Hughes Lumber	174, 177
Humphries' Citizens Lumber	1
Hurd Window Co.	28
J. Paschal & Co.	105
Jarney's Ace Hardware	150, 151
Jay-K Independent Lumber	28
J.C. Penney	182
Ken Jones Construction	184
K mart	69, 69, 90
Kogel/Giant Builder's Supply	126, 134
Kulken Brothers	182
Lanning Hardware	10
Liberty Distributors	10
Living Environments	180
Loggins Meat Co.	54
Lorenzo	48
Lowe's	14, 16, 30, 32, 54, 70, 74, 130, 152, 163, 170, 172, 174, 177, 5
L.S. Ayres	89, 94
Lux Manufacturing	144
Makita	71
Makro	150
Manchester Hardware	161
Marvin	6, 28, 134
Master Builders	180
Mayfield Lumber	12
McClendon Hardware	26
McCo's Building Supply Centers	12
McCrory's	90
McGill Mfg.	45
McGuire Lumber	184
Mejers	150
Merill Lynch Capital Partners	106
Miami-Carey	161
Michigan General	8
Mid-Cape Home Centers	71
Midwest Acquisitions	1, 200
Miller & Nebraska Lumber	152, 153
Minnetonka	70
Minnetonka	178
Monterio	135
Montgomery Ward	94
Mr. Goodbye	30, 32, 54, 70
Nassau-Suffolk Lumber	95, 89, 168
National Lumber	46
National Manufacturing Co.	46
Norm Hutchins Builders	184

Nortek	188
Northland	6
OBI Home Centers	146
OBI Home Improvement	144
Office Shop Warehouse	90
Okon	45
Oldham Lumber	12
Oltman Lumber	12
O'Malley's	85
Orchard Supply Hardware	69, 70
Ortho	71
Osmose	130
Our Own Hardware	6, 10
Owens-Corning Fiberglass	85
Pacific Lumber	152
Pacific Sales	96
Paty Company	170
Pay 'N Pak	14, 70, 76, 88, 96
Payless Cashways	15, 74, 130
Peachtree	134
Pelican Building Centers	174
Pergament	19, 70, 187
Peterman Lumber	164
Phillips Building Supply	168
Piercion Building Center	71
Pine Mountain	8
Pine Tree Lumber	166
PK Lumber	85
Ply Gem	24
P.O.O.H. Inc.	12
Prime Asset Management	110
Procter & Gamble	6
Radwood Lumber	166
Rahrig International	50
Rickal	14, 26, 105, 106, 110, 114
Rigg's Supply	200
Riverside Home Center	1, 200
Robertson Companies	28
Russell Enterprises	21
Ryobi	125
San Diego Wood Windows	28
Scamilton Home Centers	24
Scherer Brothers Lumber	124, 125, 126
Scott's	71
Souty's	16, 70, 76, 152, 163
Seers	6, 94, 148, 151
Security Pacific	110
Servistar	12, 152, 153
Seven D Wholesale	135
Shiver Lumber	162
Sierra Pacific	71
Silo	32
Simon Stores	71

Skill	30
Slaughter Brothers	6
Smyth Lumber	152, 153
Somerville Lumber	19, 24
Southeast Missouri Builders Supply	200
Stanley	56, 58
Star Lumber	71
Starr Lumber	150
Sterling Lumber	26
Supermarkets General Corp.	106, 114
Sutherland Lumber	54, 168
Sweet's Wholesale	76
Sylvania	70
TAPJAC Home Centers	71
Target	148, 150
Telecher Hardware	148
Terry Cos.	24
TG&Y	86, 90
The Andersons	150, 162
The Original Cookie Company	94
Things Remembered	94
Thomas Lumber	152
Thompson's	48
3M	56
Toys 'R Us	94
Trump Group	142
United Hardware Distributors	6, 10
Universal Forest Products	130, 132, 134
Universal-Rundle	188
U.S. Gypsum	180
Venture	146
View-Pak	50
Village Ace Hardware	154
Vomado Corp.	200
Weber	88, 89
WellMart	70
Warehouse Club	88, 90
W.E. Schone	71
West Building Materials	30, 74, 174
Wester Lumber	164
Weyerhaeuser	21, 130, 135
Whitpool	30
Whitworth Lumber	12
Wicks Cos.	88, 200
Wicken Lumber	14, 150, 162, 163
Window World	134
Windowrama	134
Wolchen Lumber	1, 168, 200
W.R. Grace	89, 96
Yale Security	146
Yellow Front	89
Zayne	88, 89, 90

National Home Center News®

Vol. 16, No. 7

\$3 a copy

The newspaper for retailers serving homeowners and contractors. Published by Lebhar-Friedman Inc.

April 2, 1990

Buying spirit lifts industry Show

Dealers pace floor in search of new products



Exhibitors were grouped by product categories for the first time at this year's Home Center Show held last month. NHCN photo

By an NHCN staff editor

CHICAGO — The mild winter weather engendered a buying spirit at the 1990 National Home Center Show last month, where many retailers said they were determined to parlay handsome first-quarter revenues into a record year.

Independents and chain operators pacing the million-square-foot hall said they were on the prowl for advances in bar coding, environmentally safe prod-

ucts and products for a growing home decor and lawn and garden market.

Meanwhile, business at the sprawling McCormick Place complex was streamlined by a kinder, gentler show layout that had exhibitors grouped together by product categories for the first time. This left some buyers sheepishly attempting to hide from the view of a current supplier as they hawked a new program. But most hailed the format as more efficient, particularly for buyers.

The March 11-13 show was also given more immediacy by being a day shorter than usual. The show's organizer, Vance Publishing, said the convention was scaled down for efficiency reasons, but that didn't prevent some from speculating that dealer and vendor support may be waning for the 15-year-old show.

"There's been less traffic," said Charles White, vp-sales/marketing for (Continued on page 54)

BMC West agrees to purchase West Coast Diamond Lumber

Century-old chain expects to be sold off completely by the summer

By Tim O'Malley

DALLAS — The 101-year-old Diamond Lumber, which never truly recovered from a 1987 bankruptcy, plans to sell its 47 remaining yards and be out of the business by summer.



Desperate for cash, the company last month signed an agreement with the Boise, Idaho-based BMC West to sell 24 yards in California and one in Reno and Lake Tahoe, Nev., for an estimated \$40 million. In February, BMC West had purchased sev- (Continued on page 9)

Former Pay 'N Pak chairman returns with new warehouse store venture

By Elizabeth Brent

SPOKANE, Wash. — In 1961, a 23-year-old David Heerensperger had a bankroll of only \$10,000 when he started Eagle Electric and Plumbing here.

Thirty years later, the 52-year-old former chairman of the Pay 'N Pak chain (into which he had merged Eagle in 1969) jokes he's "going back to the scene of the crime." Only this time, he's got financial clout to do some real damage.

Heerensperger has invested \$6.5 million of \$10 million in capital into his first new warehouse store, the 106,000-square-foot Eagle Hardware & Garden, which is expected to break ground here April 1.

By the end of May, Heerensperger says he'll offer a private placement with hopes of raising another \$4 million to \$6 million in capital for additional stores.

"I'm having fun," proclaims Heerensperger, who left the Kent, Wash.-based Pay 'N Pak last August after taking the company private in a leveraged buyout in 1987. "The big thing is, I don't have to worry about debt and running [102] stores," he said.

Industry experts expect him to poach heavily from his former company for store managers and other employees to build his new chain. His contract, which is in force until May 11, 1992, forbids him from recruiting senior managers for three years.

Best of several worlds

The Eagle stores will combine a strong focus on service with a broad offering of 50,000 stockkeeping units.

"We're taking the best from Orchard Supply Hardware, McLendon Hardware and Home Depot, building on their strengths with great service," says Heerensperger.

To lure good workers, he claims his company "will pay twice [the salaries] of the Clubs, as we want quality people." Based on what the warehouse home centers and membership clubs are paying in the Northwest, this could mean sums of between \$15 and \$20 an hour.

The new store will sport an 8,200-square-foot kitchen and bath department serviced by two design computers. This will be a direct challenge to (Continued on page 54)

Vows to 'go back to the scene of the crime'



Hardware is sold from a rudimentary kiosk in Alexanderplatz, the main shopping area of East Berlin, not from the Brandenburg Gate. NHCN photo

OBI to open first western-style home center in East Germany; plans 100 total

By Ken Schept

BERLIN, West Germany — The first western-style home center is expected to open in East Germany by early this month.

The store, near the West German border in

Mühlhausen, is the first of 25 outlets that OBI, West Germany's second largest home center chain, plans to open in East Germany this year.

In the next few months alone, OBI expects to open stores in

the East German cities of Erfurt, Dresden, Suhl and Magdeburg.

OBI produced about \$800 million in sales last year from 188 stores. These outlets serve a West German popula- (Continued on page 55)

Lowe's breaks ground on first 100,000 square foot unit. pg. 5

Dealers could face stiff taxes on service contracts

By an NHCN staff editor

WASHINGTON — At last month's Home Center Show, keynote speaker Richard Lancione joked that when customers go into Sears these days, they aren't buying merchandise, "they're buying a service

would sock retailers with a stiff new 60 percent federal excise tax.

The proposed measure, the Warranty and Service Contract Protection Act, introduced by Congressman Rod Chandler (R-Wash.), is designed to cur-

"Typically, this extended coverage is sold for an additional charge, much of which goes straight into the dealer's pocket. [Consumers often learn] belatedly [that the extended warranties] cover few if any repairs."

— Rod Chandler, congressman (R-Wash.)

contract."

These contracts, though, may soon become less prevalent among home center dealers offering them on lawnmowers, garden tractors and other big ticket items if legislation pending on Capitol Hill passes that

tail abuses in the sale of service contracts which extend beyond the manufacturers' warranty period.

The bill calls for retailers who offer such contracts to pay the substantial excise tax or to meet equally de-

(Continued on page 52)

Bunzl takes over millwork manufacturer's warehouse

Strengthens its presence in Mich., Ill., Ind.

By an NHCN staff editor

CHICAGO — Bunzl Building Supply has taken over distribution efforts for Peachtree Windows and Doors in Michigan. Under terms of an agreement between the two concerns, effective April 16, Bunzl will also take over the millwork manufacturer's Lansing, Mich., warehouse. Financial terms of the agreement were undisclosed.

The Lansing takeover strengthens Bunzl's presence as a Peachtree distributor in the tri-state area of Michigan, Illinois and Indiana. The company will expand the shuttle program it runs among Bunzl DCs in these states to include the Lansing operation. The Lansing DC will join warehouses in Elgin, Ill., and South Bend and Indianapolis, Ind., as a part of this regional network.

At present, Bunzl handles Peachtree product in central and northern Indiana; northern Illinois; central and western Pennsylvania; West Virginia; Eastern Ohio; and Colorado.

"We plan to, over the next 30 to 60 days, take a reading on customer requirements and expand what's stocked in the Lansing DC gradually," says Bunzl USA president Robert Waller. ♦

I N D E P E N D E N T N.J. lumberyard hosts Contractors' Day

By an NHCN staff editor

UNION, N.J. — The Ides of March was no day to beware of Jaeger Lumber.

The company held its eighth annual contractors' day trade show on March 15, offering its contractor customers more than the usual food and glad handing. It also offered education and product discounts.

"We view our role as that of partnership," said Lowell Jaeger, president of the five-unit chain, about the services he offers at the contractor show.

"We're trying to return something back to [our contractor customers]. They'll be a better customer and they'll grow. We hope they'll remember we're the ones who helped them do it."

Remodeling is the future

As part of the show, Jaeger

brought in Walt Stoeppelwerth, a housing market analyst, to give show guests an overview of where he sees growth in the future, namely, to the repair and remodeling contractor.

Stoeppelwerth said that remodeling expenditures reached \$100 billion in 1989,

was a way to make these contractors better businessmen in order to survive what he called a high-casualty business with more than a 50 percent fatality rate each year.

His main point, which was repeated throughout the day-long seminar, was that small contractors do not charge enough for their services.

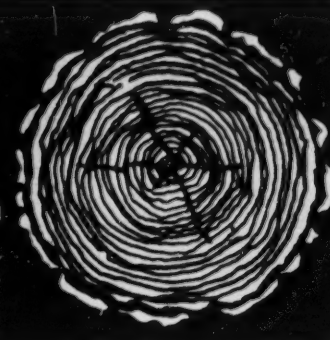
"The bad news is that the customer is tough," Stoeppelwerth said. "The good news is that he's willing to pay for good service, and you [contractors] have to

learn to be retailers of service."

Stoeppelwerth addressed issues such as pricing, overhead, marketing and sales, estimating and customer relations as part of the seminar. Jaeger Lumber provided contractor attendees with a work-

(Continued on page 52)

Jaeger Lumber
BUILDING MATERIAL CENTERS



Lumber City to expand project selling to all stores by year-end; K&B featured Sales gains, female traffic cited in decision

By an NHCN staff editor

VAN NUYS, Calif. — Lumber City will roll out its design center concept to all stores by year-end following the success of its test store in Valencia, Calif., according to its president, Jess Ruf.

The concept, featuring high-end specialty merchandise for kitchen, bath and millwork, debuted last October. For a company that had never sold kitchen cabinets previously, this was its first step into project selling.

Lumber City conservatively intended to test the concept in two stores and then add it to two more. But sales increases



Lumber City's design center concept, featuring high-end specialty merchandise for kitchen, bath and millwork, began with its test unit in Valencia, Calif.

NHCN photo

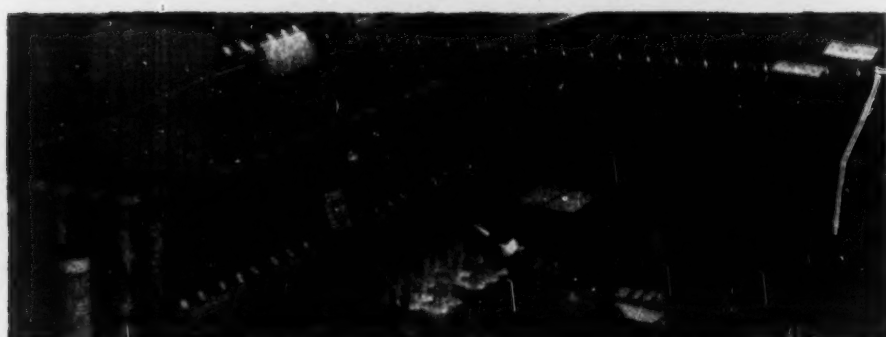
and increased female traffic encouraged the company to invest another \$1.4 million to roll it out to all 10 units. Ruf

declined to divulge percentage sales gains, but did say they were achieved off-season

(Continued on page 52)

contents

buying & selling



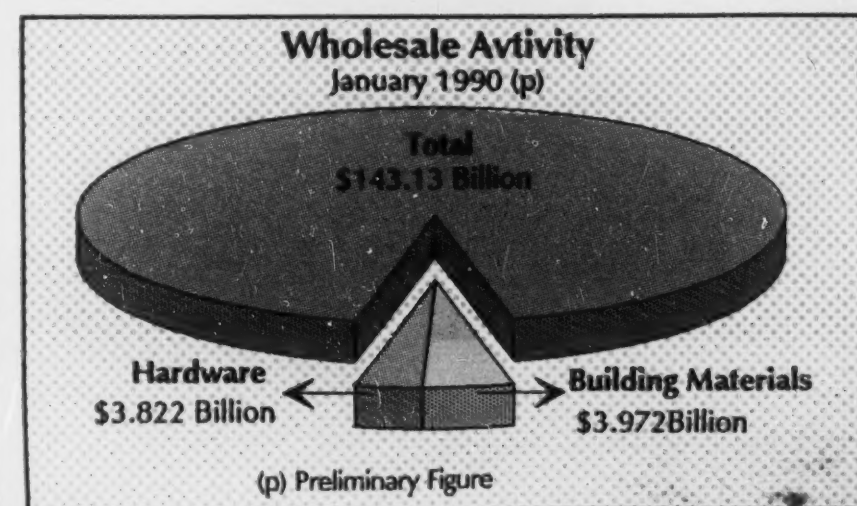
Expanding caulking lines are outgrowing dealer shelf space 15
Fire retardant treated plywood still feeling heat over safety issues 15
Merchandising Digest 24

perspectives



Free trade agreement between U.S. and Canada opens market 29
Beaver Lumber exec plots new direction for chain 32
Free trade key to Canadian buying group's future 33
Canadian franchise stakes out identity by fine-tuning product mix 33
Home World—a one-stop megacenter for affluent consumers 33
Peoria, Ill., dealer comes back to hardware store fold 46

business watch



BUSINESS WATCH 49

Home centers need to take steps to reduce tax burden

By Jay Scansaroli

Home centers aren't taking the rapid rise in state and local taxes lying down.

By carefully planning a tax strategy based on the state and local laws in force where they operate, these retailers are taking an active approach to managing their tax burdens in a climate of continuing reductions in federal revenue sharing to the states.

It's an important activity. Combined, state and city income tax rates range from 6

in higher-tax jurisdictions.

The importance of careful calculations and record keeping becomes evident when the sales-tax auditors show up. Government tax auditors often use broad statistical sampling to determine rates, and many dealers have successfully demonstrated that these methods are invalid in individual cases.

Also, tax auditors multiply the result of monthly errors by 36 months because the government is allowed to go back three years in its audit. Investigators also multiply their results by the number of stores a retailer operates.

If a discrepancy is found between internal calculations and Uncle Sam's version, fight back. Wolohan Lumber, the Saginaw, Mich.-based chain, for example, successfully challenged tax auditors' charges.

Wolohan asked customers for exemption certificates that were missing when auditors visited the company and asked the chain to ante up. However, most states are now limiting the time period to obtain such documents to 60 days, so the best solution is careful scrutinizing of tax-free sales upfront. Also, if the tax-exempt organization has folded since the transaction, you'll be out of luck.

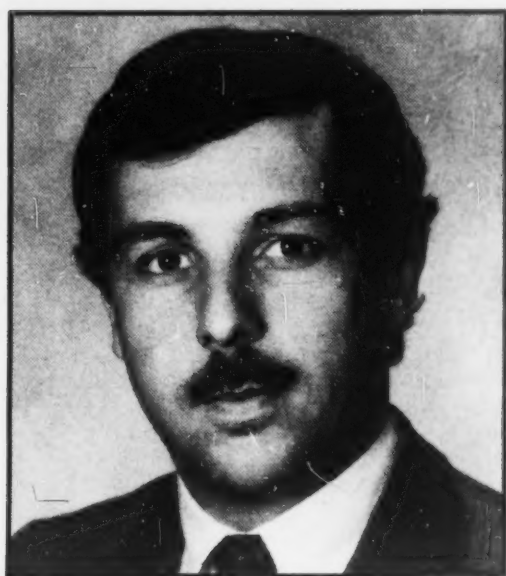
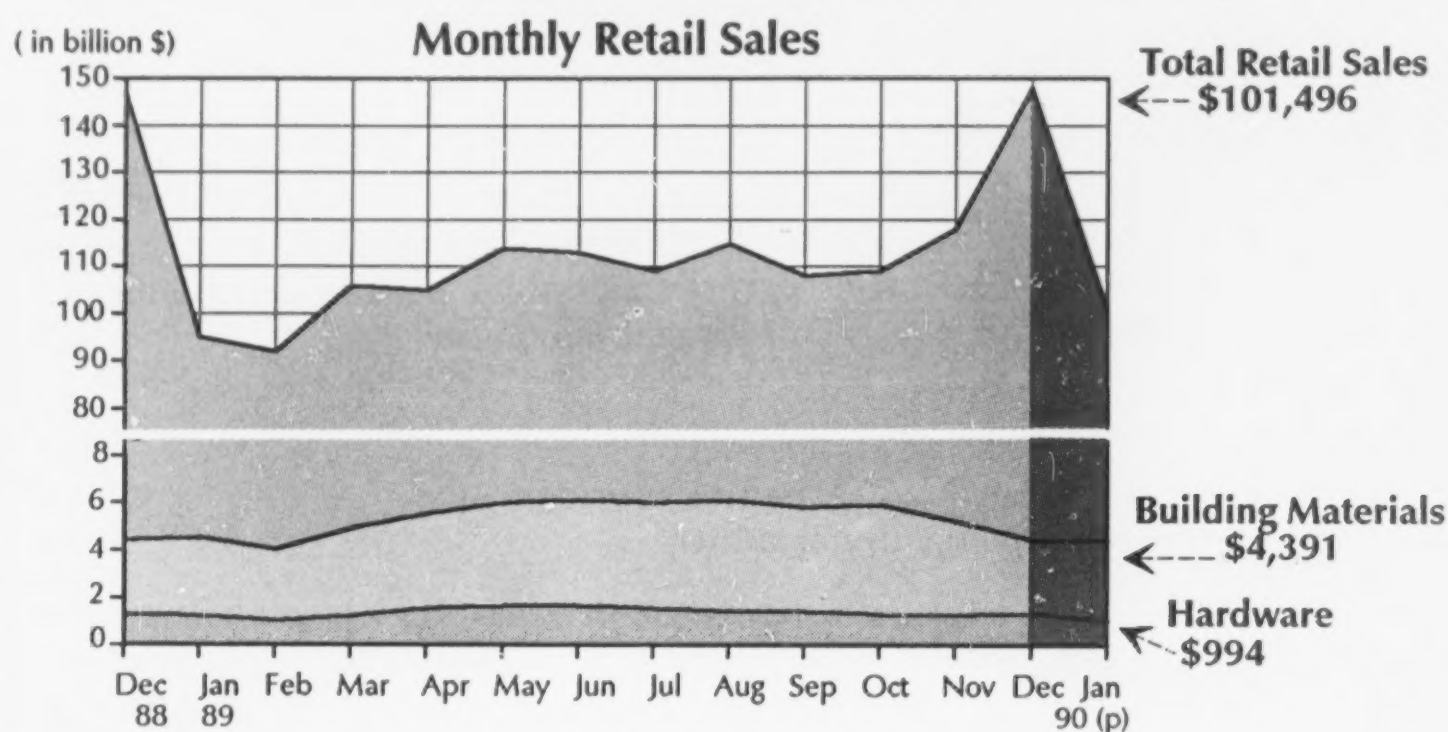
Good MIS systems are important. Some stores are retraining their staffs to charge correct sales taxes or collect the certificates required for tax-exempt sales; others are developing computer programs to assure compliance.

The 11-store Strober Organization out of Brooklyn, N.Y., enters the delivery location into the computer when a customer orders merchandise. Relevant sales tax is computed automatically and added to the bill, providing a permanent record for the tax man. With Strober's system a special exempt key eliminates the tax calculation, but cashiers are instructed to have a certificate "in hand" before pushing the magic button.

The governments, for their part, are increasing the number of audits they perform in various states. Home centers must pay close attention to every aspect of taxation, or find themselves paying more than their fair share of the state and local tax burden.

—Jay Scansaroli is a partner, Arthur Andersen's Retail Practice in New York.

Home improvement sales of commodities and hardware fell slightly in January for the nation, despite many dealers insisting individually that their business was up in that month. And wholesale distribution of building materials in the month fell nearly 6 percent over December figures, according to the Bureau of the Census data.



Jay Scansaroli

percent to 9 percent of net income for retailers operating in several states. With thorough planning, it's possible to reduce the tax burden by as much as 40 to 60 percent.

Retailers should concentrate on a few key factors in order to reduce their share of local tax bills.

By placing the value of their trade name in a Delaware holding company, as several of the industry's larger chains have done, home centers can significantly reduce income tax in states where their stores are located.

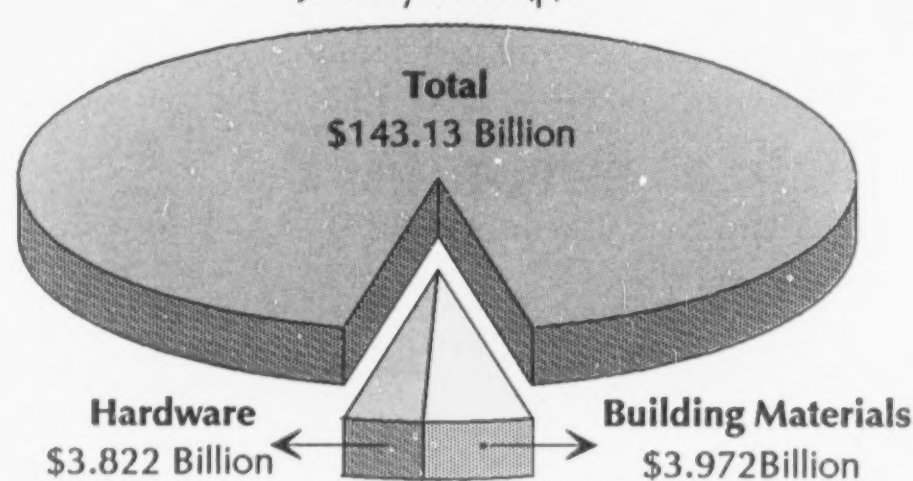
The strategy is to have the Delaware holding company charge each of the stores a royalty fee, typically running from 2 to 4 percent of sales. This accomplishes two things: Delaware does not tax holding companies' royalty income; and royalty expense is deductible in most states.

Another technique is to create a purchasing arm in a low-tax state. This operation buys goods, then resells the merchandise to the stores at a markup. Although the markup represents profit, that profit is transferred to the state with the lower tax rates.

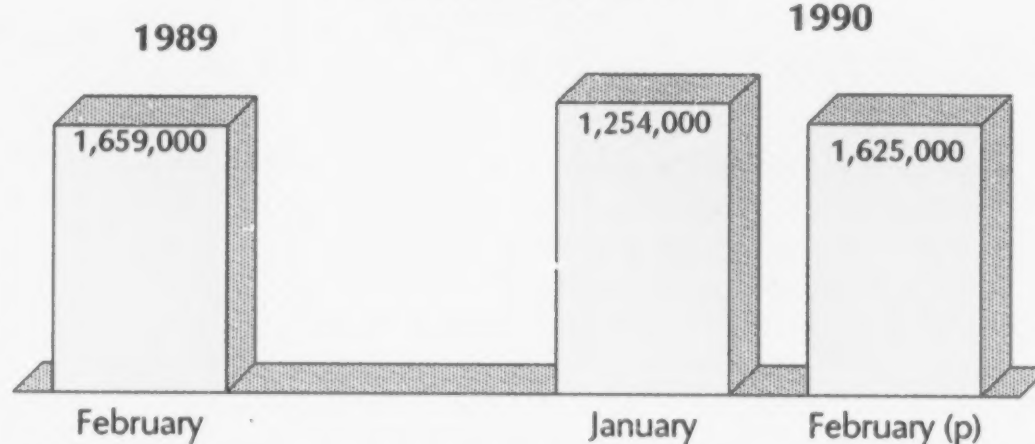
A related technique is to locate DCs in low-tax states, where store geography lends itself to this tactic, and ship merchandise to the low-tax DC rather than DCs or stores

Wholesale Activity

January 1990 (p)



Housing Starts



Housing Affordability

	National Total	
	JAN 1989	JAN 1990 (p)
Affordability Index Composite*	110.4	104.2
Median Price Existing Home	\$89,800	\$96,200
Average Mortgage Rate	9.61%	9.98%
Payment as Percentage of Income	22.7%	24.0%
Median Family Income	\$32,308	\$33,708
Qualifying Income	\$29,272	\$32,364

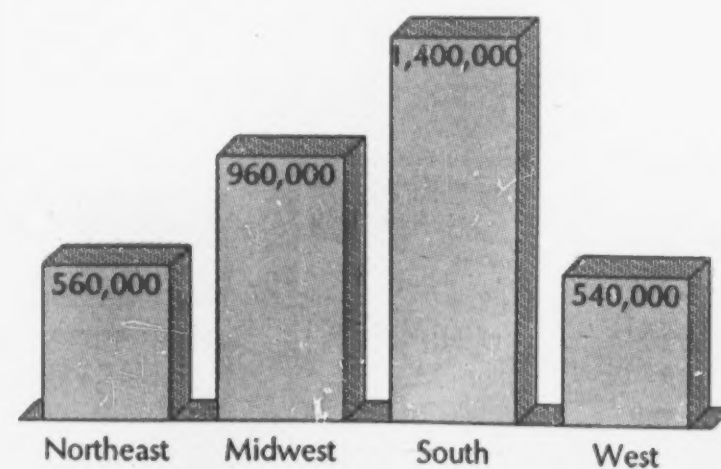
*The affordability index is based on the five criteria listed above.

Source: National Association of Realtors (p) Preliminary figure

U.S. Resales

January (p)

Total = 3,480,000



In all but the South, home resales fell in January. Housing costs moved up significantly, by 7 percent to \$96,200.

OBI to give East Germany a taste of the west

(Continued from page 1)
tion of 60 million. In contrast, the company may eventually operate 100 stores in East Germany, which has a population of only 16 million.

The unusually high store count in the east reflects the vast business potential that OBI and other German home improvement retailers see in East Germany.

"By necessity the East Germans are innovators and therefore DIYers," said Robert Guss, OBI's director of sales in Berlin and the head of the eastern expansion.

East Berliners spend in west

The housing stock is in general disrepair in East Germany and products for improving

conditions are scarce. In fact, since the opening of the Berlin Wall in November, home center sales in the western part of the city have risen between 10 and 15 percent from East Berliner spending, according to Norbert Both, a store manager for Bauhaus, West Germany's third largest chain.

Consumers are buying mostly basic items like hammers, screwdrivers and power tools priced up to 100 German Marks or about \$45.

Dedlef Lindenberg, an East Berliner shopping at a West Berlin OBI, said the product selection was so vast, he didn't dare spend money. In fact, he made some. Lindenberg is one of the scores of East Germans who have accepted 60 German

Marks a month from OBI (about \$35), in exchange for pasting an OBI advertising sticker on the side of their Trabants, the East German auto.

Moving east is complicated

Although East German demand for home improvement products is exceptional, meeting that need is complicated by the lack of western retail philosophy and systems.

For example, at Alexanderplatz, East Berlin's central shopping area, hardware is sold from a small, rudimentary kiosk, where customers line up and point through a window to the item they're interested in among the few basic hand tools on display.

"They don't know how to

sell. They don't know how to advertise," said OBI president Manfred Maus during the International Hardware Fair in Cologne.

Maus plans to train East German workers in West German schools and also transfer key western workers to the east. He has also made arrangements for retail training at a West German university.

As Maus educates his new East German executives—Dr. Hans-Werner Lange and Dr. Walter Zuber—they will help him penetrate the system of administration and laws that the company faces in East Germany.

Product mix to change

While OBI is part of Emil Lux, one of Germany's premier hand tool manufacturers, it's ironic that little of the company's own merchandise may find its way into East Germany initially.

Because East Germans are used to lower quality products, the initial assortment will be basic, Maus said. "And, perhaps, less expensive."

"We may need to buy in Tai-

wan, India and China merchandise that we could not sell in West Germany."

Determining the correct store locations is more complicated. The new East German associates lack the retail experience to evaluate potential sites. And OBI executives are generally unfamiliar with the urban areas of East Germany.

"The problem is not today," said Maus. "The problem is that in five years we need to be in the right locations. Competitors are coming."

Parent offers advantage

OBI has a particular advantage, however, in the race to benefit from East Germany's expected consumerism. The company is 50 percent owned by the Tengelmann Group, a West German conglomerate.

As Europe rapidly changes, expansion is not limited to East Germany. OBI is also investigating moves into Hungary and Italy, where Tengelmann also has holdings. Stinnes, another West German home center retailer, reportedly opened in Poland in November.

Index of Companies in This Issue

Ace	46	Eagle Hardware & Garden	1	National Gypsum	19,24
Adolf von Hagen Co.	52	ELMCO	33	National Lumber & Supply	5,52
Aikenhead	34	Erb Lumber	10	Nihaus	34
All-American Home Center	54	Ernst	8,54	OBI	1,10,52,55
Allen Lumber	19	Escudido Lumber	15,19	Olympia Tool	54
Amatura	6	Farwell, Ozmun & Kirk	6	O'Malley Companies	5
American Fare	54	Fidelcor	5	Orchard Supply Hardware	1
American Tool	54	Foxworth-Galbraith	10	Osmose Wood Preserving Products	15,22
Award	39	Furman Lumber	10	Owens-Corning	54
Babbitt Brothers	6	GE Silicone	15	Pace Warehouse	54
Baldwin Brass	4,52	General Electric	24	Paty Company	15,56
Bauhaus	55	Georgia-Pacific	22,52,54	Pay 'N Pak	1,54
B.B. Bargoon	34	Gibson-Holmans	15	Payless Cashways	6
Beaver Lumber	32,34,44,47	Gold Bond Building Products	24	Peachtree Windows and Doors	4
Black & Decker	6,52	GTE Sylvania	24	Pelican Building Centers	5
BMA	33	Haberkorn Hardware	46	Phillips Lighting	24,54
BMC West	1,54	Hager Hinge	52	Phillips Fibers Corp.	15
BMR	39	Handy Andy	8	Piggly Wiggly	5
Bosch Tool	6	Hardware Wholesalers Inc.	47	Portbec Ltd.	9
Bowater Home Centers	6	Harris Group	6	R.D. Smith & Co.	9
Brendle's	54	H. B. Fuller	15	Red Ball Hardware	19
Builders Emporium	32	Hechinger	5,10,54	Red Devil	15
Builders Express	8,54	Hickson	22	Rickel	8
Builders Square	5,10,46	Hill-Behan	10	Rose's Stores	32
Builders Supply	15	HomeClub	6,54	Rosestream Ltd.	6
Bunzl Building Supply	4	Home Depot	1,4,5,10,47,52,54	Sascho	15
California Hardware	5	Home Hardware	29,32	Saxonville Wholesale Lumber	9
Calton Homes	22	Home Quarters Warehouse	5,54	Schlage	52
Canadian Technical Tape Ltd.	29	Homecare	29,32,39	Sears	4
Canadian Tire	38	HomeWorld	33,42	Sentry Hardware	5
Canport Trading International Ltd.	32	Honeywell	52,54	Skill	52
Cantex	54	Hoover Treated Wood Products	22	Sodisco	32
Carpet Buyers Outlet, Inc.	8	House of Lights	34	Somerville Lumber	10,22
Cashway Building Centers	32	Hovnanian Enterprises	22	South States	56
Caterpillar Inc.	46	J. Pascal	32	Southwest Hardware	5
Central Hardware	10,54	Jaeger Lumber	4,52	Spensards Building Supply	27
Channel	8,54	Kaiser	55	Stanley Tool	52
Charleston Lumber	5	KC's Hardware	56	Stanley Works	10
Cherokee Lumber	54	K mart	54	Strober Organization	22,49
Chesapeake Hardwood Products	6	Lanoga Corp.	54	Superior Sealants	19
Church's Lumber	10	Lansing Buildall	32,42	Sutherland Lumber	10
City Building Supplies	19	Lighting Unlimiteds	34	Takagi Tool	52
C. N. Weber	29,32	Lowe's	1,5,10,19,54,56	Tengelmann Group	55
CoastAmerica	6	Lumber City	4,52,54	Thomas Waterproofing	15
Coast-to-Coast	33	Macco	15	Thompson	15
Co-Fair Corp.	15	Macklenburg-Duncan	15,29	Tim-Bi-Marts	29,32,33,39,47
Color Tile	19	Macleods	33,38	TMB Industries	6
Con-Tech Industries	54	Magee-Fine	22	Totem Building Supplies Ltd.	33
Co-Op Atlantic	29,32	Makita	9,52	Tri-Peak	1
Cotter & Co.	54,56	Malsham Merchandising Group	32,34	Trustworthy	6
Crosby Group	6	Matreco	29,39	United Building Supply	27
DAP	15,19	McCoy's Building Supply Centers	10	U.S. Gypsum Co.	24
Darworth Company	19	McDiarmid Lumber	32,44,47	Vance Publishing	1
Designers Walk	42	McKenn Development Corp.	42	Ware and Ware	34
D. H. Howden	32,44	McLendon Hardware	1	Wedbush Morgan Securities	52
Diamond Lumber	1,9,54	Mechanical Plastics	52	West Building Materials	6
Dill's Best Building Centers	54	Michigan General	9	West Texas Wholesale Supply	5
Do-It Center	47	Miracle Adhesives	15	Weyerhaeuser	6,22,54
Dormtar Gypsum	24	Miron Building Products	10	Wicks	33,9
Dow Chemical	15	Molson Cos.	32	Wolohan Lumber	10,49
Durabond	15	Moore's	1	Ziegler Building Centers	54
Durock	24	Moser Lumber	54	Ziegler Lumber	54
Eagle Electric and Plumbing	1,54	Mountain Fir Lumber Co.	12	Zork Hardware	5

Advertisers Index

Boldface denotes reader service number

Ambrock	20,21, 14
American Stone Mix	53, 41
American Tool	14, 11
Andersen Corp.	58, 44
Arax	25, 18
Argee Corp.	46, 36
Cahners Exposition	19, 13
Central Builders Supply	34, 25
Chesapeake Hardwood	9, 6
Cole Sewell	47, 40
Colony Paints	24, 17
Custom Building Products	36, 37, 27
Custom Leathercraft	27, 22
Darworth	23, 16
Design Technologies International	35, 26
Dutch Boy	57, 43
Earli-Gard	26, 19

EZ Painter	30,31, 24
Georgia Pacific	2,3, 1
Glidden	40,41, 31
Gruppo Ratti Silvio	27, 20
Hunter Company	9, 8
ICL	43, 33
Keystone Franklin	27, 21
Knauf Fiber Glass	46, 37
Lane Publications	55, 42
Larson Manufacturing	9, 7
Lee Rowan	42, 32
Macco Adhesives	16, 12
Makiki Electronics	38, 29
Mastercraft	26A, B, 2
Merillat Industries	48, 55
National Manufacturing	44, 46
National Store Fixtures	9, 5
Orrville Leather	38, 28
Pak Mix	7, 3

Pine Mountain Corp.	11, 9
Poulan/Weed Eater	39, 30
Priss Prints	38, 45
Quikrete	13, 10
R. D. Werner Co.	44, 34
Rubberset	26, 23
Stanley Tools	45, 35
Waxman Industries	46, 38
Weed Wizard	46, 39
W. W. Henry	22, 15

*Asterisk indicates regional ad.

This index has been compiled for the convenience of our advertisers and readers. While every precaution is taken to prevent mistakes, the publishers cannot be held responsible for errors or omissions.

The most profitable products you can sell are ideas and know-how

You can convert a customer's faucet repair into a kitchen remodel, a concrete patching job into a new deck, or a storage project into a room...

Simply capture their imaginations with project ideas, then provide them with the how-to skills. We do both.

Sunset

BOOKS & VIDEO

The most trusted name in d-i-y information

Call 1-800-227-7346/In California 1-800-321-0372

Circle 42 on Reader Service Card

CS150-6

* 03454 ***** ALL FOR SOC
00257750 HC
MS JEFFREY LONG OTHER PERSON
CONGRESSIONAL INFORMATION S
4520 EAST-WEST HIGHWAY/STE
FTHESDA MD 20814

National Home Center News®

SECOND CLASS

Vol. 16, No. 8 S3 a copy The newspaper for retailers serving homeowners and contractors. Published by Lebhar-Friedman Inc. April 23, 1990



The custom decorating center is the first section that patrons see as they enter the racetrack in Rickel's new HōM prototype in Toms River, N.J. NHCN photo

Rickel ushers in a new era with HōM...

By Tim O'Malley
TOMS RIVER, N.J. — HōM's fashionable prototype premiered in this oceanside town last month to positive reviews from industry watchers and consumers alike. The 67,000-square-foot store, on which Rickel Home Centers, its developer, rests its very survival, eschews

building materials and broad plumbing and electric areas for higher-margin categories such as kitchen and bath and ready-to-assemble furniture. The goal, Rickel chairman Moshe Meidar told a pre-opening crowd, is a store in which "women are not intimidated and men aren't challenged."

By that standard, most who saw HōM believe it succeeds. "They really did a fine job," said the manager of a competing southern New Jersey store, who asked to remain anonymous. "The presentation is beautiful." Another executive, also requesting anonymity, hailed (Continued on page 15)

...but without its president

By an NHCN staff editor
SOUTH PLAINFIELD, N.J. — In a sudden move, Rickel president Bob Harrow has left the 51-unit chain, apparently because of his refusal to relocate from Massachusetts. Company chairman Moshe Meidar has taken over for Harrow, whose departure comes only eight

months after he joined Rickel, and only days after the chain unveiled its HōM prototype (see story above). Harrow, 61, said he has no immediate plans, and was unsure whether he will pursue a position in the home improvement industry. Speaking from his home in Newton, Mass., Harrow said he had grown tired of

the commute between The Bay State, Rickel's headquarters here and the Westfield, N.J., rented apartment he occupied during the week. "I don't want to live in the New York area," he said. "My home is in Boston." Harrow, whose wife Sheila is a Boston-based stock- (Continued on page 15)

National files Ch. 11

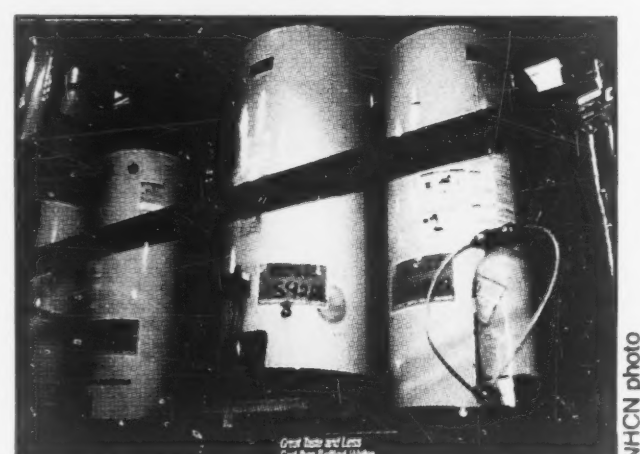
Ailing chain secures credit and trims down to stay competitive

By Gary S. Ruderman
FOUNTAIN VALLEY, Calif. — Within 24 hours of filing for protection from creditors, National Lumber & Supply appeared ready to enter the competitive fray again. A federal bankruptcy judge's decision on April 4 allows Fidelcor Business Credit Corp., National's prime asset-based lender, to continue supplying the chain with a \$13 million line of credit. Fidelcor's west coast senior vp Michael Lerner said the formula by which National can draw funds against inventory has been liberalized. The judge's order also al-

lows National to sell leases of six stores which were closed April 2, and to pursue other financing arrangements. Vendors contacted after an April 10 creditors committee meeting said they would ship National, extending seven-day, receipt-of-invoice terms. **Other stores could close** Battered by warehouse competitors in southern California, the nation's toughest market; burdened with \$18 million to \$19 million in trade debt and cut off from supply by some vendors, National was forced to close these (Continued on page 64)

Dealers adjust to stringent new water heater regulations

By an NHCN staff editor
NATIONAL REPORT — Beginning this year, federal guidelines require increased insulating value for all newly manufactured water heaters. Such requirements may translate into increased margins for retailers, who continue to battle the reality that water heater sales are for emergency replacements. And even harsher regulations will follow in 1993, said Roger Meyer, a spokesman for the U.S. Department of Energy. At least one retailer, the Bridgeton, Mo.-based Central Hardware, with 38 units, has sought to capitalize on the regulations by promoting, in circulars, "foam insulated" units that conform to standards. Louie Davis, owner of South States, a Shreveport, La.-based wholesale distributor, replaced his entire stock of water heaters with energy-efficient models from Richmond, which he said have a 15



Starting this year, new water heaters are required to have higher R-values. to 20 percent higher price point. "We're out of the lower end completely," he said. Others are also banking on higher end. One of the leading suppliers, Reliance of Ashland City, Tenn., claims it has "revolutionized" the industry by replacing glass-insulated models with a more durable composite plastic inner shell. The supplier also makes a DIY installation video available, and boasts the industry's only "self-cleaning" model. "A sediment build-up is what usually cuts into energy efficiency," said company spokesman Loran Nordgren. (Continued on page 57)

Orchard Supply's Loren Smith remembered

By an NHCN staff editor

SAN JOSE, Calif. — Just over a year ago Loren Smith and his elder brother Albert tried to buy back Orchard Supply Hardware, the company here their father Stanley founded with 29 other ranchers in 1945.

That bid failed, as the chain was acquired from Wickes Cos. in a management leveraged buyout. But his bid was an indication of Smith's lasting energy and intense interest in the company from which he retired three years earlier.

That dream of reownership, though, was never fulfilled, as Loren Smith died in Dec. 14 1989 at the age of 66 from cancer.

Colleagues and family recall Smith's unswerving belief in the Orchard "concept," especially its customer service.

"He used to say the customer may not be right but he's never wrong and he believed that down to his toes," said John Self, Orchard's vp-operations.

Smith was also remembered as being very personable, and always had time for customers, employees or vendors. Not surprisingly, he was hired initially as personnel manager in 1972 by his brother Al, then the company's president. He soon became general manager and when W. R. Grace bought the company in 1979, he succeeded Al as Orchard's president.

"It was a smooth transition because he was running the company anyway," said Al Smith. "I'm a farmer and W. R. Grace wanted a businessman in charge."

He became chairman in 1985 when Tom Thornton took over the presidency. Smith retired in 1986 when Wickes bought the company from Grace.

Smith's keen interest in real estate was a plus during Orchard's rapid expansion under Grace, when it grew to 21 units from nine.



Loren Smith, in a photo taken in 1982. NHCN photo

"It was a time not only of physical growth but of maturity and sophistication under Loren's guidance," said Self.

"To me his greatest strength was not trying to reinvent the wheel," recalled Thornton, who was executive vp and chief operating officer during this period. "He recognized what Orchard did well and constantly built on this."

As a rancher's son, Smith developed an expertise on insects, fertilizers and irrigation, which came in handy when developing Orchard's lawn and garden departments. He also invented and patented a rubber shield for an axe handle, called HAND'L SAV'R.

Outside the office, Smith was just as active. Self said Smith was an avid skier, golfer and backpacker, and rode his exercise bike everyday while reading the *Wall Street Journal*.

Smith was also involved with the United Way and Salvation Army and raised funds for Stamford University, his alma mater.

While at Stamford's business school, Smith struck what became a life-long friendship with roommate Donald Petersen, who retired as the chairman of Ford Motor Co. Petersen and Al Smith delivered eulogies at the funeral.

Loren Smith is survived by his wife Lamina, daughter Claire-Ann, and son Stanley. ♦

Quick Response '90 preaches gospel of computer interchange for retailers

By Tom Neven

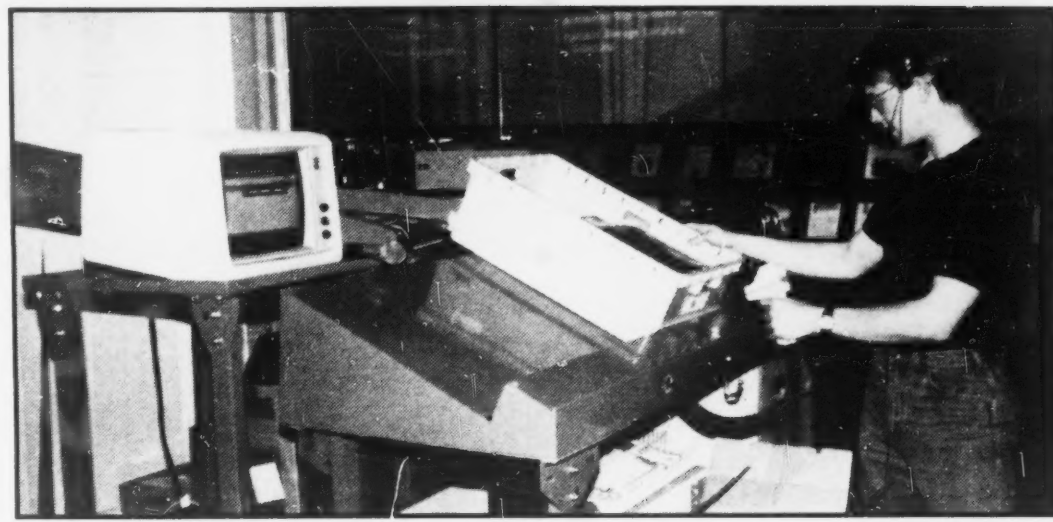
DALLAS — They describe themselves as revolutionaries. And they want to do nothing less than turn retailing on its head, radically changing the way dealers and suppliers do business with one another.

"They" are proponents of Quick Response (QR), an amalgam of UPC bar code technology, electronic data interchange (EDI) and shipping container marking (SCM).

Pioneered by apparel and department stores, QR is beginning to catch on in the home center industry, as reflected by representatives from Lowe's, Hechinger and Ace Hardware who attended last month's Quick Response '90 conference here.

Basically, QR in its purest form links retailers from the point of sale all the way through the distribution pipeline to manufacturer in a paperless, electronic net of purchase orders, shipping notices and payment. It is a tool to track sales trends, and enthusiasts say it can cut ordering lead times from weeks to days.

If implemented fully throughout retailing, QR offers impressive savings, ac-



Andersen Consulting has a mock Quick Response environment at their Dallas office. In this photo, a DC worker scans an incoming order while communicating by voice with a computer. NHCN photo

cording to a study done by Andersen Consulting, a division of Arthur Andersen & Co., which found that:

- UPC scanning at point of sale can save the retail industry \$2.7 billion a year after an initial investment of \$1.6 billion and ongoing annual costs of \$441 million;
- EDI can save retailing \$259 million annually after an initial investment of \$21 million and ongoing annual costs of \$60 million;
- SCM, with electronic advanced shipping notice, can save retailing \$399 million a year after an initial investment of \$32 million and ongoing

annual costs of \$17 million.

Andersen Consulting also points to reduced markdowns, the result of smarter buying allowed by QR, and lower inventory carrying costs, allowed by just-in-time delivery, that can save additional millions for retailing.

QR also promises to free buyers from the need to write and track orders, conduct inventory counts and other duties that take them away from their primary job: to analyze sales trends and to merchandise a product.

Allan Boynton, retail industry manager with GE Information Systems, says QR is (Continued on page 64)

Amdura denied financing; files Ch. 11

By Tim O'Malley

DENVER — Its pleas for cash unheeded, Amdura Corporation filed Chapter 11 this month, and some of the company's more than 1,800 hardware dealers began searching for alternate supply sources.

"We're continuing to ship everyone," said spokesman Scott Ross. "But we don't have all the quantities [of merchandise]."

Amdura owns the hardlines franchisor CoastAmerica and the distributor Farwell, Ozmun & Kirk (FOK). Last month, after admitting cash flow problems were affecting its operation, Amdura sought help from a 14-bank consortium led by Continental Bank of Illinois.

But the banks, already owed most of Amdura's \$256

million debt, refused to extend credit or renegotiate terms. A spokesman for Continental Bank declined comment. Just last month, the banks granted the company a three-month loan extension.

Picking up dealers

The Chapter 11 filing has left an open door for competing hardlines distributors. Each of the major co-ops—including Ace, Cotter, Hardware Wholesalers Inc. and ServiStar—are said to be trying to sign away Amdura's dealers. CoastAmerica serves 1,200 franchised Coast to Coast dealers, and FOK has 600 Trustworthy dealers.

Our Own Hardware, a regional co-op in Burnsville, Minn., claims it has already signed "more than 100" deal-

ers as a secondary supplier.

"We're acting as a fill-in vendor," said Steve Saefke, Our Own's marketing director. "We've been anxious for the business."

Two Coast dealers signed by Our Own—in Sturgis, Mich., and Brazil, Ind.—refused comment. Another dealer, in Mt. Vernon, Ind., said he was meeting with Our Own as a precautionary measure.

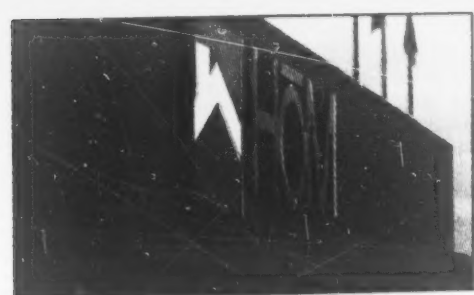
"We're preparing ourselves for a back-up," said the dealer, who requested anonymity.

Saefke said Our Own's strengths are in plumbing, electricals and builders hardware, but not in two other major categories stocked by Coast and Trustworthy stores—sporting and automotive goods.

(Continued on page 64)

contents

upfront



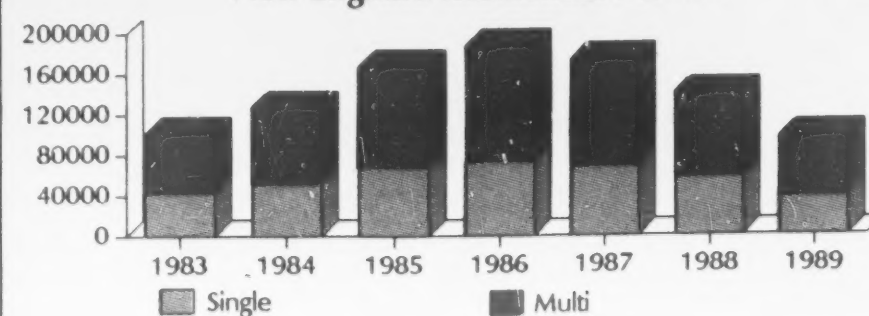
Rickel unveils its new store concept—HōM. Photos and story . 15

NHCN Golden Hammer Marketing Award Winners 16
Editorial/Commentary 20



business watch

New England Residential Permits



BUSINESS WATCH 59



Independents expand both K&B departments and promotions

By John Sinisi

NATIONAL REPORT — Independent lumberyards are upgrading their kitchen and bath displays to impress their mostly contractor customer base. Those who can afford it are putting up detached showrooms; those who can't are doing their best to dress up existing K&B floor space.

However, dealers report that expanding or adding kitchen or bath displays doesn't translate automatically into instant sales.

In the competitive Martinsville, Va., market, rife with chains like Lowe's and Moore's, The Lester Group tacked on 15 percent in new space last year in both departments. It upgraded stock and vignettes to zero in on the con-

tractor market.

"It was disappointing [at first] because we didn't create a market for it," said Lester's vp and gm Dillard Jones.

Now that the three-store retailer is featuring kitchen and bath more heavily in its advertising, and started an installed sales program, Lester's K&B department is catching on. But Jones concedes that margins have yet to crack the 33 percent barrier.

"Maybe after we learn to merchandise and display better, we can increase the margins."

Promotions hyped

Increased product exposure in the stores needs to be coupled with media promotions, say dealers. Builders Supply

found this out last winter, traditionally a slow selling season, when it ran a half-page ad in the Omaha, Neb., *Sunday World Herald* featuring a variety of products in the category last New Year's Eve, and saw a bump in K&B sales that lasted through the first quarter.

"Within a week's time, we moved 10 toilets and about four cast iron tubs, and assorted items," says store manager Jerry Hasbrook. "I'd say that a third to a half of those items were tied into full bath remodel projects."

Sulphur, La.-based Stine Lumber last month finished tripling its K&B departments in its Sulphur, De Ridder, Jennings, and Lake Charles stores to 30,000 square feet.

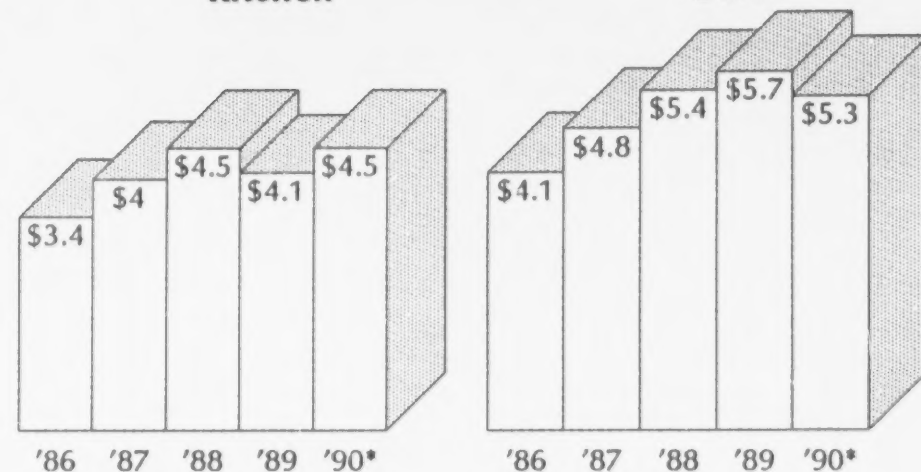
(Continued on page 30)

Remodeling Activity

(in \$ billions)

Kitchen

Bath



Source: National Kitchen & Bath Association, NHCN Chart

* projections

Kitchen remodeling will return to 1988 peak levels and bath remodeling will level off in 1990, according to data compiled by the National Kitchen and Bath Association.

Francis Jones, NKBA's executive director suggests there may be a lot of pent up demand in future as only an estimated five percent of the current 100 million houses have tackled remodeling projects to date.

In the future the kitchen needs to become more flexible, with room for two cooks, to accommodate weekend extended families or the "sandwich" generation with three generations living in one house.

Dealers, small and large, expand K&B presentations

(Continued from page 24)

attention dealers are giving them in terms of manpower and merchandise.

Better trained personnel are now designated to manage these departments. Indeed, several chains—including Hechinger, Wickes Lumber, Home Depot, Ernst, Builders Square and Sears—are enrolling their employees into classes conducted by the National Kitchen and Bath Association that can lead to their certification as designers.

"Instead of transferring the guy who was selling chain link fence the week before into K&B sales, we now see more expertise," says Francis Jones, NKBA's executive director. He adds that these moves give store employees more career paths, complete with commissions.

That has certainly been the

case at Grossman's and Payless Cashways, two chains which have seen the value of rewarding skilled salespeople in their departments.

In February, during a heavy bath sales promotion, the Kansas City, Mo.-based Payless offered its employees cash incentives for sales. The personnel were specially trained with in-house and vendor educational programs.

Grossman's, the Braintree, Mass.-based retailer, rewards employees who complete the entire "project partners" training course with a \$250 bonus. Kitchen and bath are two of the areas where training is offered in this "master's program," which covers a number of projects and commenced 18 months ago.

It was instituted "to motivate employees and give them both financial and personal

recognition for all the work they put into the program," says Jim Wagner, Grossman's manager of human resource development.

Going after remodelers

The training aspect of dealers' kitchen and bath programs has become increasingly important in light of the fact that many home improvement retailers are trying to compete against specialty stores that are said to number anywhere from 12,000 to 15,000 nationwide.

Products and services (including the availability of installation) had to be improved. Vignettes, which were shunned in the early 1980s, have gained renewed respectability especially among dealers who want to showcase higher-priced merchandise.

The fact that Home Depot

can now display major appliances, Grohe faucets (on special order) and Kohler's rain-wind-sun-steam Habitat bath has a lot to do with the increased square footage and spruced up presentation it has made for these departments in its newest stores.

Payless, which for years had bath products—with the exception of some sinks and vanities—scattered throughout its 195 stores, last fall opened its 21st Century Bath Collection, which takes up 2,200 square feet of an average 27,000-square-foot unit.

In that area, designer colors and hexagon-shaped sinks are part of the mix. Vignettes are designed and customized right down to the soap and towels. An aisle of faucets features four vendors' top lines. High end vanities are also now displayed, says merchandise

manager Debra Wagner.

In fact, it appears that dealers of all stripes are moving to move closer towards a showroom-within-the-store presentation that can serve as a place where remodelers can bring their homeowner customers, and where homeowners can get new design ideas.

When General Building Products opened its newest store in Lynwood, N.J., last month, half of its 6,000 square feet went to 10 full kitchen displays with appliances, design services and installed sales.

The 11-unit General, based in Medford, N.Y., has been attaching full-line showrooms to its stores since 1979. And its executive vp, Thomas Flaherty, sees other dealers following suit to attract home builders who are in a business trough and want to increase their remodeling activity. ♦

"I Have A Stock Tip
That's Guaranteed
To Make You
Money."



Circle 16 on Reader Service Card

Just put Dirt Devils on your shelves and watch them move. And this year, they're going to move faster than ever. That's because in every month of 1990, we're going to get the word out on the entire Dirt Devil line including our new upright model. On radio, your customers will hear about us from Paul Harvey, America's most popular and respected radio journalist. Your customers will read about us in the nation's leading consumer magazines. And we'll also be running more network television spots than ever before. So stock the entire Dirt Devil line. And I guarantee you'll start cleaning up. Call us at 1-800-321-1134 (1-800-362-5509 in Ohio).

John A. Balch
President,
Royal Appliance

Dirt Devil
by Royal

©1990 Royal Appliance Mfg. Co. All rights reserved.

NEW ENGLAND: Building material sales are in trouble

The New England economy remains sour for building material sales. This year we expect sales to be up only 2.8 percent versus a national increase of 6.3 percent. This follows a 2.6 percent decline for New England and a 3.4 percent gain for the nation in 1989.



Richard E. Mount

The area is in a near recession with employment off 0.1 percent, by far the worst in the nation. The Middle Atlantic, up 0.7 percent, is second worst. There are

significant declines in construction (-7.9 percent) and manufacturing (-3.7 percent). The New England declines are the greatest in the nation.

Government employment is almost unchanged and budget problems should reduce this sector further. Surprisingly, finance has held up relatively well, with the advance almost equal to the national average.

New Hampshire (-1.2 percent), Massachusetts (-0.5 percent) and Rhode Island (-0.4 percent) are the three weakest states in terms of employment gains.

New residential construction is very soft—single unit permits were off 30.4 percent last year, multis by 39.4 per-

cent. This followed sharp declines in 1988 and 1987 as well.

With the drop in new permits last year, building material demand for new construction should continue to falter this year as well. Resales, a strong indicator of building material demand, for the next six months are also showing a declining trend.

There are positives here, though.

Household income in New England is exceptionally strong, 20.2 percent above the national average. The Fairfield area in Connecticut has the highest per capita income in the nation.

Population age distribution is also a plus for sales with a higher concentration in the 45 to 65 and 65-plus age

groups. These households are more likely to undertake remodeling projects. The aging of the housing stock is also a plus since these houses are in greater need of renovation.

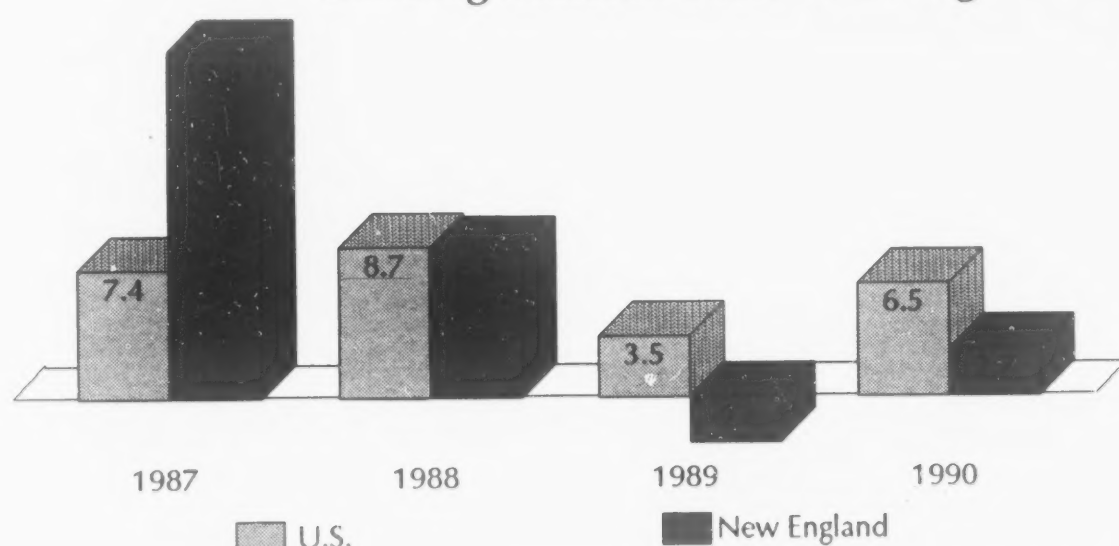
While New England should continue to have the worst performance of the nine regions in 1990, the change in sales should be slightly positive versus last year's small decline.

The housing market has been in decline since 1987 and the steepest part of the fall is over. Mortgage rates and home improvement loans will be slightly lower this year than last. ♦

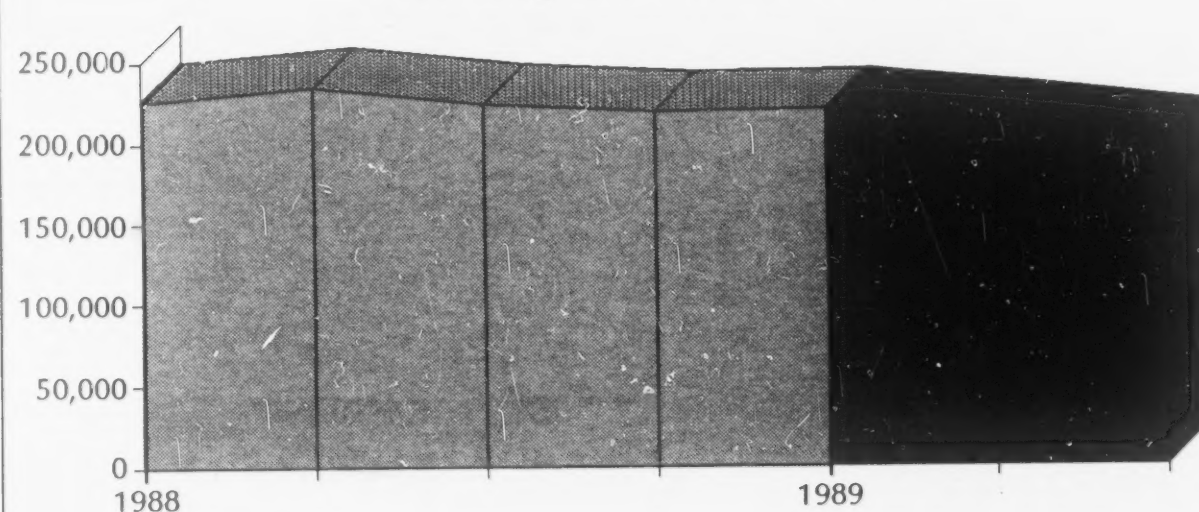
Richard Mount is president and chief economist with Mount Economic Consulting

market momentum

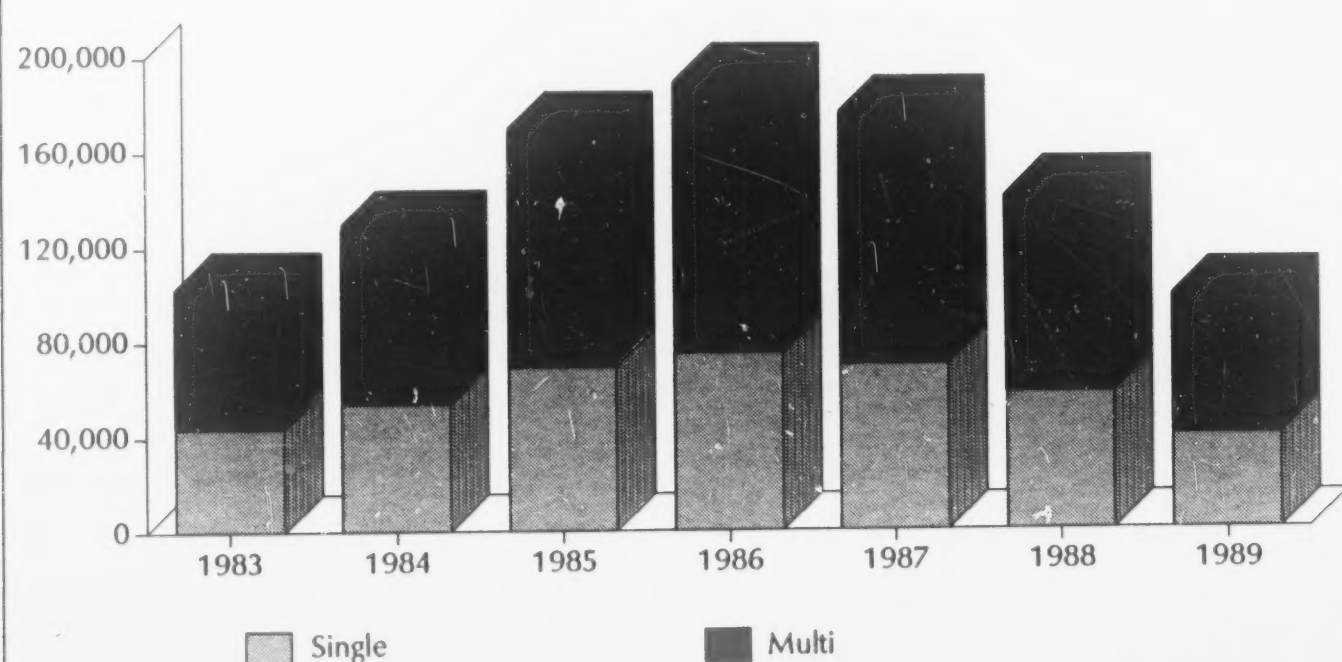
Building Material Sales % Change



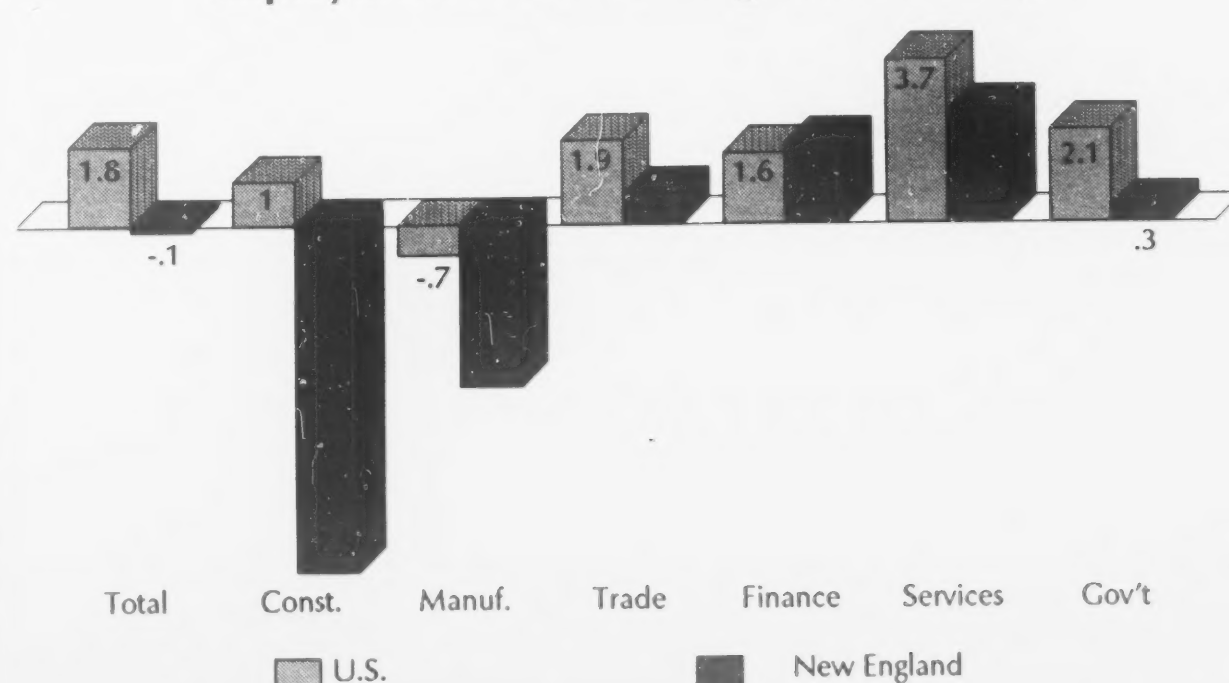
New England Resales (SAAR)



New England Residential Permits

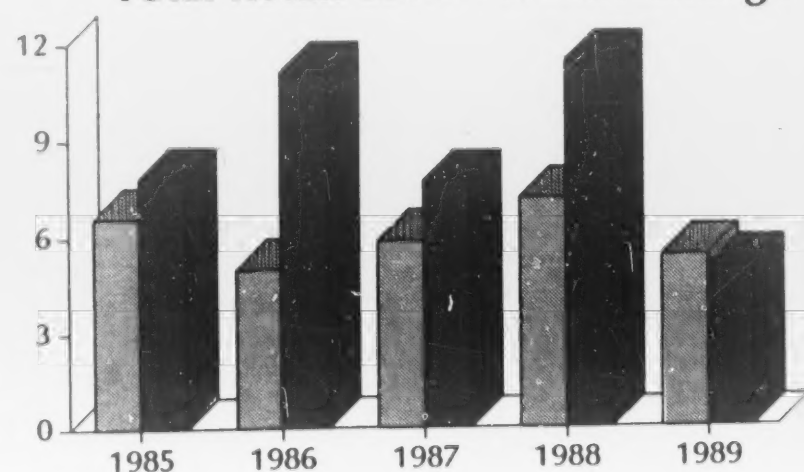


Employment Percent Change One Year Ago

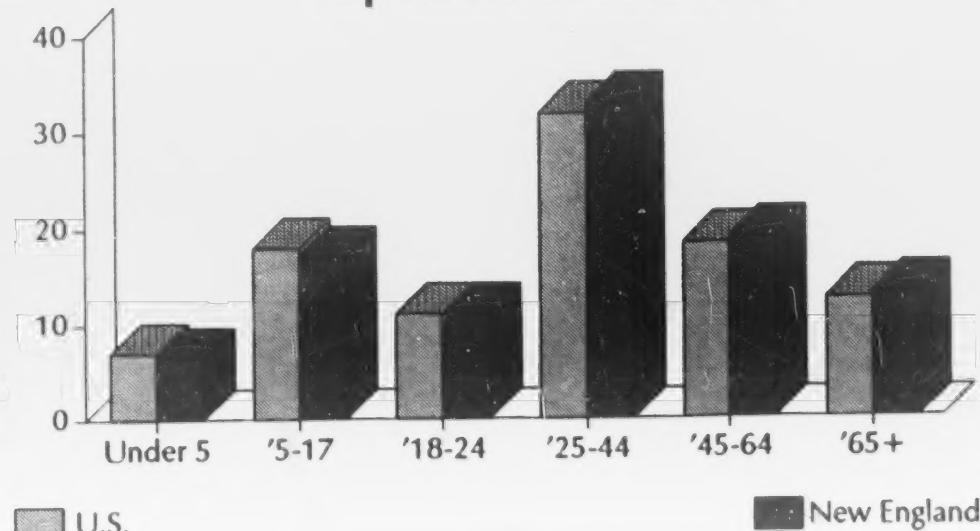


the bigger picture

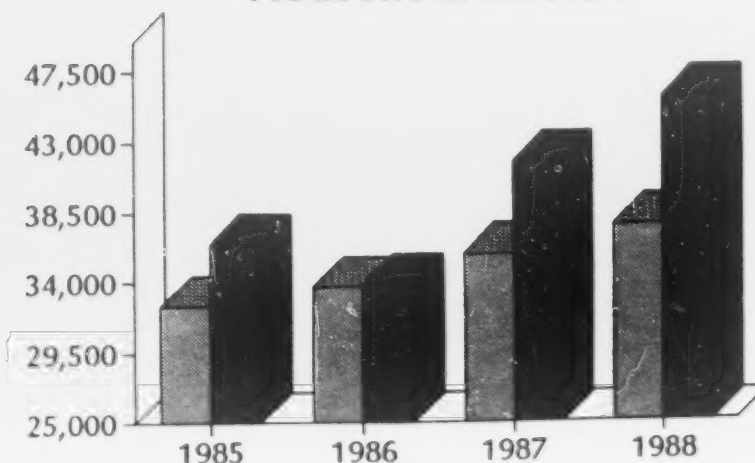
Total Retail Sales Percent Change



Population Distribution



Household Income



QR links dealers from POS to manufacturer

(Continued from page 4)
mation Services, an EDI value-added network, said, "Buyers don't have to rely on seat-of-the-pants ordering. You're not taking the merchandiser out of the equation. You're just giving him better information."

Groping towards QR

As a system, QR promises a lot. But the various technologies can be exploited independently as a dealer moves towards implementing QR.

John Lengyel, planning manager for distribution at Oak Brook, Ill.-based Ace Hardware, was at Quick Response '90 exploring "what's out there in concept" for the co-op's 14 DCs.

"POS is not the issue for us at this stage," Lengyel said. "We want to get our service level, the number of turns and efficiencies, streamlined in the DCs."

Ace is looking to do this with various forms of scanning and shipping container marking.

Once Ace has these technologies in place and working at its DCs, it will implement a second stage moving those technologies into the retail stores, Lengyel said.

He foresees a pilot program in place in the DCs by the end of 1990 and predicted a link from POS through DC to supplier within three years. Ace is just now installing IBM 8700 computers in each of its DCs, which still must be linked to headquarters and to each other as part of the test.

Scott Carpenter, merchandise acquisition manager at Hechinger, the Landover, Md.-based chain, was at the conference on an "information-gathering mission."

Carpenter estimated Hechinger already has an EDI relationship with 40 or 50 suppliers. But to get into QR, Hechinger needs to implement bar code scanning in its stores. Accordingly, it will start a pilot scanning program in one store this summer and hopes to roll out scanning

chainwide by the end of next year.

Hechinger is exploring three separate initiatives: UPC scanning, EDI and automatic replenishment. Carpenter said there is no formal tie between these studies, although they still coordinate and share information.

National Lumber files Chapter 11

(Continued from page 1)
stores to consolidate inventory and lower payroll costs before filing Chapter 11 on April 3.

An estimated 167 people lost jobs when the stores closed; 83 were reassigned.

Its bankruptcy filing lists \$41,432,000 in assets prior to store closings, \$13,326,000 in secured debt and \$24,048,000 in "other liabilities," according to National's counsel Robert Greenfield in Los Angeles.

The company also said it could close some of its remaining 15 stores as part of the reorganization, as well as "refocus the company's merchandising strategy."

A part of refocusing may have come on April 2 when National hired Max Robuck as the new general merchandise manager. Robuck, 39,

"We all think [Quick Response] is a good thing to do but we're just now stumbling on ways to do it."

Lowe's, the industry's second largest retailer, is in a similar situation as Hechinger. It pioneered a proprietary EDI system several years ago. It later switched to Ordernet's Eagle system and now has more than 100 suppliers on that and a few remain-

ing on the older net, according to Vaughn Hayes, vp-merchandise administration.

Lowe's will roll out a prototype scanning program at one of its 300 stores this summer and once the bugs are worked out, Hayes plans to move scanning into all stores.

In phases two and three shipping container scanning will be tried on Lowe's loading docks and DCs. ♦

National Home Center News (ISSN 0192-6772) is published 23 times a year, twice a month, monthly in December, beginning with the second Monday in January; by Lebhar-Friedman Inc., 425 Park Ave., New York, NY 10022. Subscriptions are available at no charge to qualified retailers and wholesalers of lumber and building supplies and hardware. Paid subscriptions are available to nonqualifying retailers and wholesalers, and to manufacturers and others at \$69 per year in the U.S.; \$79 per year to Canada; \$219 per year to all other countries (air mail only). Group subscriptions available in the U.S. (1-4 copies, \$69; 5-19 copies, \$64; 20 or more copies, \$59). Single rate copy is \$3 except last two May issues (Annual Census Issues) \$30 each, \$50 for both.

Second class postage paid at New York, N.Y., and additional mailing offices. Vol. 16, No. 8, Copyright © 1990 by Lebhar-Friedman Inc. All rights reserved. Postmaster: Please send address changes to Subscription Dept., National Home Center News, 305 Madison Ave., Suite 535, New York, N.Y. 10165-0079. For change of address six weeks is requested. Give old and new address and zip code. If possible, enclose address portion from cover on previous issue.

Vol. 16, No. 8

April 23, 1990

The most profitable products you can sell are ideas and know-how

You can convert a customer's faucet repair into a kitchen remodel, a concrete patching job into a new deck, or a storage project into a room...

Simply capture their imaginations with project ideas, then provide them with the how-to skills. We do both.

Sunset

BOOKS & VIDEO

The most trusted name in d-i-y information

Call 1-800-227-7346/In California 1-800-321-0372

Circle 50 on Reader Service Card

Loss prevention conference gives coping strategies

(Continued from page 6)
turnover. Members agreed to pool information for a joint training video in the next May meeting. "The procedures are the same so it makes sense to do it together rather than individually," said Piekarski.

In the formal seminar sessions an attorney, Rick Odeneteel, spoke on the legalities of "slip and fall" claims. He touched on the conflict that arises between merchandisers and safety officers over end-

cap displays and racking.

"We're exploring the possibilities of getting more directly involved with our dealers in loss prevention and safety issues and the conference raised interesting questions for the 1990s," said Len Tully, safety director at Ace Hardware.

During the seminar Joe Inman, a former special agent with the U.S. Secret Service, spoke about executive safety, drawing from his current experience as a safety officer at

Diamond Shamrock and prior work at the White House.

Melvyn Musson's session on Disaster Recovery Planning showed the necessity of safeguarding not only data processing but entire buildings.

Gilbert Ray took a more lighthearted approach, using his experience from Allied Systems to talk about putting the fun back in fleet safety. He suggested a number of incentive programs to encourage drivers' safety. ♦

Amdura files Ch. 11

(Continued from page 4)
He also had praise for the Coast and Trustworthy programs, calling them superior in dealer services. For that reason, he said, Our Own does not expect to sign dealers away from Amdura completely. "We haven't seen anyone tearing down the Coast sign, and we don't expect to," he said.

Amdura expects to reduce \$100 million of debt by summer through the sale of its Crosby and Harris manufacturing units, which were not included in the bankruptcy. Beyond that, the company's survival depends on bank and vendor credit.

Meanwhile, Amdura's efforts to scale down were

praised. The company announced the closure of several distribution centers connected with the auto aftermarket parts distributor Globe, which was acquired in 1988.

Lumber dealers lobby Congress

(Continued from page 5)
keeping costs down. Still, the very idea of government regulation drew ire from some retailers.

In the end, dealers approved a multi-part agenda, including:

- Using tax incentives to spur private-sector help in making home purchases easier;
- Letting employers establish their own parental and

There still remains some dealer resentment about the view that Amdura paid too much for Coast (\$110 mil.), and its debt problem is the result. "The whole cash flow problem relates to debt," said the dealer. Without it, he said, "the organization is a fine one." ♦

- medical leave policies;
- Exempting small businesses from The Americans with Disabilities Act, and giving tax credits to employers who hire disabled or remove barriers to the disabled;
- Repealing Tax Code Section 2036(c), which penalizes transfer of business ownership, but support policies that reduce capital gains taxes on investments.

* 02672 ***** ALL FOR SDC
0025775C HC
MS JEANNE LONG OTHER PERSONS *
CONGRESSIONAL INFORMATION S *
4520 EAST-WEST HIGHWAY/STE *
BETHESDA MD 20814

National Home Center News

Vol. 16, No. 9

S3 a copy

The newspaper for retailers serving homeowners and contractors. Published by Lebhar-Friedman Inc.

May 7, 1990

Stranded, Amdura flags down rescuers

By John Caulfield

DENVER — Who will buy Amdura's hardlines wholesale businesses?

One of the co-ops? Its former chairman? One of the country's largest food conglomerates? Its own management?

All of these have been mentioned as potential suitors for CoastAmerica and Farwell, Ozmun & Kirk (FOK), the two distributors that were put up for sale by Amdura Corp. here on April 16 in an effort to reduce its massive debt.

That Amdura, which filed Chapter 11 two weeks earlier, is parceling off all its divisions came as little surprise to either its shareholders or its competitors. What was surprising, though, was how swiftly other wholesalers began to pounce on its hardlines business, which last year totaled \$450 million.

Co-ops put out feelers

The level of reported, if preliminary, interest in Coast and FOK speaks volumes of the respect competitors hold for both companies' market

Puts Coast, FOK up for sale to reduce debt



strengths, apart from Amdura's struggles with debt.

An Amdura spokesman confirmed that companies which have expressed an interest in its businesses, and have signed a confidentiality agreement, have received a package of financial information similar to a prospectus.

D. Scott Ross, the spokesman, declined comment about

the specifics of that package, including such items as the asking price; how much of Amdura's debt, estimated to exceed \$240 million, would be assumed by a purchaser; or what

impact such a transaction would have on its franchise agreements with dealers.

He also would not identify any of the parties that have expressed interest in either

FOK or Coast. It is generally known throughout the industry, though, that both ServiStar Corp. and Hardware Wholesalers Inc., the industry's third and fourth largest hardlines buying groups, are among the companies that have thrown in their hat for CoastAmerica.

"Let me say right out that we'd be interested in all of it," said Larry Zehfuss, president of ServiStar, based in Butler, Pa., about Amdura's businesses. "It's a wonderful company with very good dealers."

"But we have only put out feelers, and it's now up to Amdura to make the next move towards formal negotiations."

HWI, through spokesman Dan Feder-spiel, declined comment.

The two co-ops' interest in Coast could focus in part on its distribution center in Springfield, Ore., near Portland. Both HWI and ServiStar last year began laying the groundwork for penetrating the West Coast, and both have stated that their long-range goal was

(Continued on page 9)

Fagen's 'unhires' chief operating officer

S&L crisis puts crimp in acquisition strategy

By John Sinisi

VERONA, Pa. — The Savings & Loan crisis has claimed its first victim in the home center industry.

Michael Johnson, a former executive with Builder Marts of America (BMA), had been hired by Fagen's Building Centers in March to serve as the chief operating officer of that chain.

But chief executive officer Jack Fagen, citing adverse economic conditions, decided in late April to cancel his plans to hire Johnson.

A source close to the operator of 14 retail home centers and millwork plants in six states says that stringent regulatory restraints on Fagen's primary lender, The Bank of New England, have forced the company to curtail its acquisition activity, which in turn canceled the need for someone other than Fagen himself to handle the chain's day-to-day operations.



Michael Johnson

"Basically, it was a tough decision that we arrived at mutually," says Fagen, who would not confirm the development of any problems with any of the company's lenders.

"When we had conceived of the idea of hiring Michael, it was based on a different set of economic circumstances, which have changed for the worse."

Johnson and Fagen both stress that the break was purely for economic reasons.

(Continued on page 66)

Timber shortage to hike lumber prices again

By Gary S. Ruderman

NATIONAL REPORT — Mills and wholesalers are again predicting a rise in prices for dimensional and plywood lumber this year, as timber supplies in the Northwest dwindle and pressures to export U.S. logs continue.

Lawsuits over environmental protection currently are restricting the availability of federal timber. And the seeming willingness of overseas concerns to pay just about any price for raw logs is also cutting into domestic supplies and inflating prices in the U.S. Inevitably, product costs through the distribution pipeline are shooting skyward.

"The immediate response is, of

course, 'You've said [price increases] before,' " anticipated Jerry Griffin, vp-corporate development for the 31-mill WTD Industries, one of the west's major stud producers. "But look at laws of supply and demand. Restrict the

source of logs to mills and it's a sure bet" that prices have to go up.

If retailers rebuff price hikes, Griffin warned that the industry would "run as long as we can on a positive cash flow basis and then we'll shut down and wait for market balance to return."

Prices up already

Twenty percent hikes in the
(Continued on page 65)



Northern spotted owl

Photo courtesy Oregon Dept. of Fish & Wildlife

Annual Wholesaler Census. Coverage begins on page 14.



Stanley Silver, Pergament's executive vp and chief administrative officer, feels that giving employees information and telling them they are responsible helps them grow in stature.

Pergament addresses turnover in quest for greater profitability

By Elizabeth Brent

MELVILLE, N.Y. — Pergament continues to overhaul its culture and operations, as its new owners seek greater profitability and efficiency by focusing on comparable store growth.

Improving its employee turnover is crucial to obtaining these goals. Last month, Pergament came out of the Dark Ages by introducing its first full health and benefits package aimed at reducing turnover and recruiting better associates.

The chain kicked off the 401K fund by paying each employee an additional 1 percent of his salary, which was placed in the fund.

"Employee turnover was appalling and this impacts you negatively, affecting productivity and sales growth," said Stanley Silver, executive vp and chief administrative officer.

(Continued on page 62)

AHMA to host first multi-company pavilion at Japan DIY Show

By an NHCN staff editor

SCHAUMBURG, Ill. — The American Hardware Manufacturers Association (AHMA) will sponsor its first multi-company pavilion at the 1990 Japan DIY Show, held in Tokyo, this coming September.

Prior to the DIY show, Sept. 14 to 16, the AHMA will sponsor a three-day seminar on the Japanese culture and its business practices, concentrating on the distribution and hardware segments. There is a full-day tour of Japanese home centers planned. Ja-

pan's DIY sector had sales in excess of \$10.5 billion last year.

According to the AHMA, the Japan DIY Show attracts more than 150,000 people. In the past it drew 31,000 tradespeople on the first day, when it is closed to the public, and more than 117,000 trade and public visitors in the last two days.

As part of its continuing effort to cultivate international trade, AHMA will also present a program, on June 20 and 21, in conjunction with George-

(Continued on page 62)

I N D E P E N D E N T

Jay-K Lumber's training seminars help local customers 'meet the pros'

By Tom Neven

NEW HARTFORD, N.Y. — Jay-K Independent Lumber likes to teach people, even if they probably aren't going to buy anything.

This one-unit company located near Utica, N.Y., has been conducting "Meet the Pro" seminars for the past 15 years, bringing consumers in to learn various how-to projects from Jay-K employees, according to store manager Dean Kelly, whose father, Kevin, is Jay-K's founder and president.

The clinics are advertised in the local paper, on a billboard outside the store, and a schedule of classes is available at the checkout. But the company refuses to tie in its clinics directly to any specific product promotion.

"We want them to come to

learn something, not because of a discount," said Scott Debbold, an estimator at Jay-K who has managed the clinics for 10 years. "It's a goodwill type of thing."

And that goodwill extends to the local community. Jay-K

of the New York state prison system.

Weatherization clinic

Last October and November, Jay-K helped the Utica public group conduct two classes on how to weatherize a home for winter.

Peg DeMattio, executive director for the Housing Service, said that after obtaining a \$7,200 grant from Citicorp for a weatherization clinic, she asked Jay-K to teach the class on how to use the materials. Her group offers loans to "anyone considered un-

bankable, sort of a last resort," DeMattio said.

"Our rehab coordinator knows the people at Jay-K," DeMattio said, "and also some of the contractors who work (Continued on page 62)

"We want them to come to learn something, not because of a discount. It's a goodwill type of thing."

— Scott Debbold, estimator, Jay-K Lumber

has recently conducted classes for the Utica Neighborhood Housing Service, a private group that helps low-income families, and for employees of nearby Oneida Correctional Facility in Rome, N.Y., part

Lyll leaves Lowe's to start graphics design firm

By an NHCN staff editor

NORTH WILKESBORO, N.C. — Jim Lyall joined Lowe's Cos. 19 years ago intending to save enough money to open a graphics design firm of his own.

On April 9, Lyall turned that dream into a reality. The chain's 41-year-old vp-visual design moved into a downtown office and opened Lyall Design, a company that will specialize in taking packaging and store design from concept to rendering stages.

Lyll started with Lowe's in 1971 as a promotional graphics designer. In 1981, he graduated to manager of chainwide sales promotions. Two years later, his job was redefined as manager of visual merchandising. Another upgrade in 1984, this time to vp-design services, put Lyall in charge of all store planning, packaging,



Jim Lyall

graphic design, and price point systems.

Through management restructuring last year, Lyall became vp-visual design. His last assignment was helping arrange the look of the Asheville, N.C., Lowe's store.

Lyll's new firm will tackle

store and packaging designs, but will not limit itself to home improvement retailing. "I'm also interested in soft goods, electronics and a whole range of other industries," he explains, adding that Lowe's Cos. will always be dear to his heart.

"I think these past 19 years' experience will be a big plus for this new concern," he says.

In other news, Lowe's weighed in at the end of last month with several personnel promotions. Jeffrey Osborne is now director-contract sales promotion; Flynn Harold is now director-procurement, supply division; Lois Jestes is now customer relations specialist; JoAnne Kimrey is now data center operations supervisor; Steve Roundtree is now supervisor-data center support; and Dwight Ford is now director of Lowe's Leadership School.

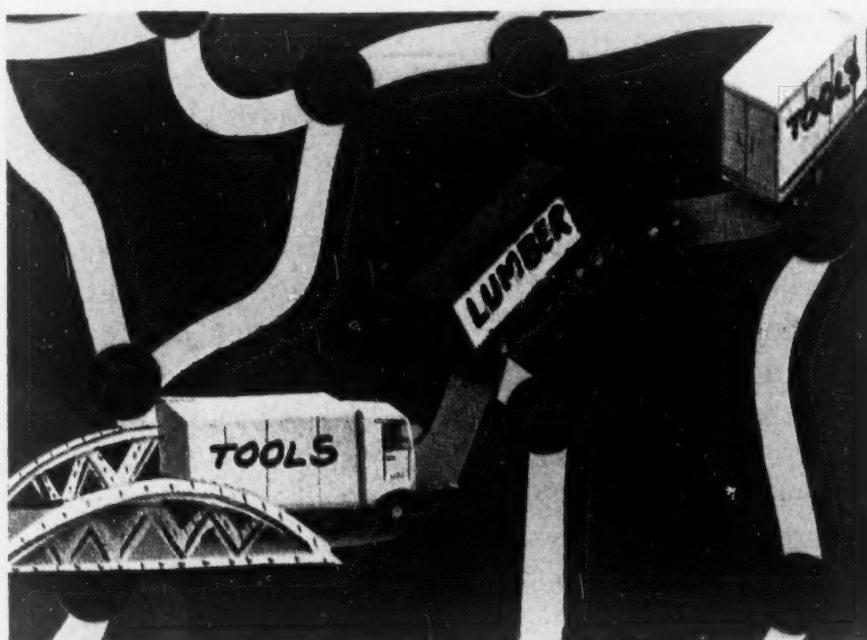
contents

upfront



- NARI, NAHB try to lift gloomy housing picture 9
- Editorial: Wholesalers remain strong in tough year 10
- Commentary: Distribution in need of population control 10

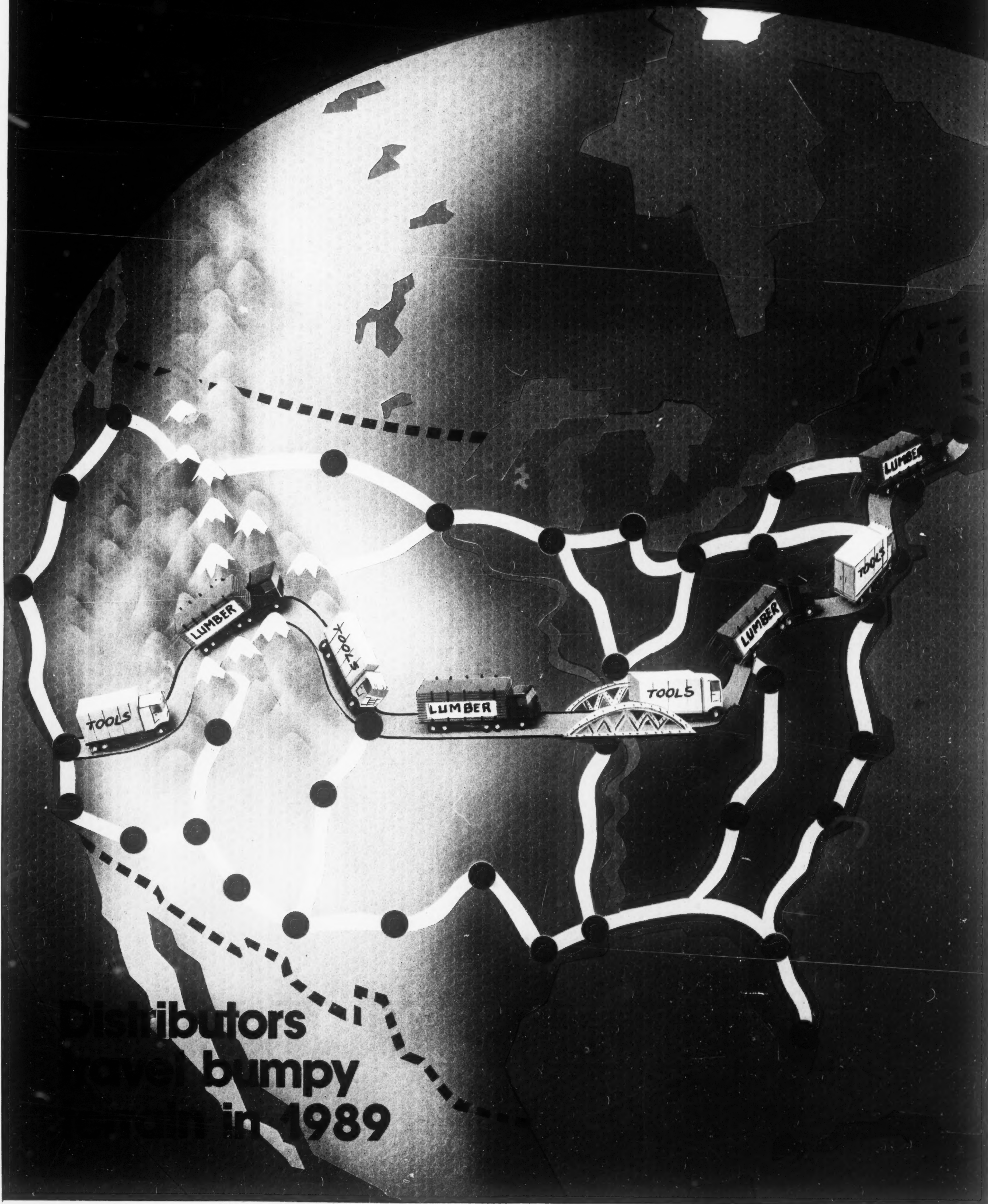
annual census



- Hardlines wholesalers take on aggressive attitude—not to grow but to survive 14
- Building materials distributors refine service and product offerings for dealers 15
- Top Hardlines Wholesalers 20
- Top Building Materials Wholesalers 22
- 5-year sales growth for hardlines co-ops strong, but fight is still on for dealer loyalty . . . 24
- Building materials sales slacken for commodities buying groups 40
- Marketing groups' members see modest sales growth in '89 48
- NBMDA polls its members 54

◆DISTRIBUTOR CENSUS◆

HARDLINES & BUILDING MATERIALS WHOLESALERS



**Distributors
have bumpy
road in 1989**

Hardlines wholesalers take on aggressive attitude—not to grow but to survive

By Tim O'Malley

NATIONAL REPORT — Louie Davis projects a 92 percent sales increase for his hardlines wholesale business by 1992. This, he says, has more to do with survival than ambition.

Besides looking to acquire a competitor, Davis—whose Shreveport, La.-based South States company had \$27 million in 1989 sales—will add lumber and building materials to his largely hardware and plumbing mix.

His philosophy is to attack before being attacked, he said, noting, "The independent [distributor] either has to merge, get bigger himself, or do niche selling."

Davis' aggressive strategy is becoming more common in an industry that continues to consolidate. This is strengthening already strong regional hardlines distributors at the expense of those who sell off operations or otherwise run into trouble.

Last year, Zork Hardware closed and Wyeth Co. liquidated, while Amdura, Nuway and Baumrin Brothers filed Chapter 11. Another operator, Southwest Hardware, sold its assets to California Hardware.

Although competition wasn't always to blame—Southwest's sale resulted from the O'Malley Cos. restructuring, for example, and Amdura's Chapter 11 follows large debt from its 1988 Coast acquisition—it has resulted in increased competition among wholesalers clawing to sign retailers who, at the moment, appear to be in a buyer's market.

Developing retail services

Overall, 1989 sales for the industry's 70 largest hardlines wholesalers were virtually flat at \$2.593 billion. And their total customer count declined by nearly 1,000 to 107,504 dealers.

Wholesalers are making themselves more attractive by expanding their product offerings and devel-

oping full-service programs that include marketing and other help for dealers.

"Most of the major wholesalers are pretty sound," says Thomas Fernley, executive director of the National Wholesale Hardware Association. "And all of them are developing retail programs."

Increased services could lead to less "cherry picking" of distributors' inventories by dealers looking for the best deal. "More [retailers] see the need to form an allegiance with one supplier," said Don Kempin, executive vp of Atchison, Kan.-based Blish-Mize.

Growing firms like California Hardware could benefit most from such a trend. Its sales rose from \$91 to \$95 million in 1989, and, assuming much of Southwest's \$13 million in business comes its way, California can expect a handsome boost next year.

Others who had a good 1989 were Orgill Brothers of Memphis, Tenn., whose sales grew 9 percent to an estimated \$120 million; Bacar Inc., with a sales jump of 8 percent to \$52 million, and Honsador of Honolulu, Hawaii, which increased its revenues 22 percent to \$44 million.

And 1990 has kicked off just as strongly for some. House-Hasson Hardware of Knoxville, Tenn., has had "fantastic" sales, leading the company to project a 6 percent increase for 1990 overall. S&T Wholesale Hardware of Jeffersonville, Ind., also reported a good first quarter.

But the Northeast is apparently still economically depressed. Emery-Waterhouse of Portland, Maine, for example, was forced to close its Fries, Beall & Sharp division in Springfield, Va. And Elmira, N.Y., wholesaler RKB Enterprises is trying to stimulate sales—flat for more than a year—with a new selling program.

Buying market share

Many operators hinge future growth on acquiring a competitor.

(Continued on page 16)



Robert Behan, president of Farwell, Ozmun, Kirk, which emerged in 1989 as the largest hardlines distributor.

Photo courtesy Farwell, Ozmun, Kirk

contents

Top **HARDLINES DISTRIBUTORS** in the industry 20

Top **BUILDING MATERIALS DISTRIBUTORS** in the industry . . . 22

The Top **HARDLINES CO-OPS** with 5-year analysis 24
Hardlines co-op profiles 25

NWHA members project 1990 sales and challenges 37

The Top **BUILDING MATERIALS CO-OPS** with 5-year analysis . . . 40
Building materials co-op profiles . 40

The top **WHOLESALE MARKETING GROUPS** 48

NBMDA survey determines the issues that matter to their members . . . 54

New products 58-60



Commodities distributors participate in merger-mania

By an NHCN staff editor

NATIONAL REPORT — The most dramatic mergers in the building materials distribution industry last year were found among the top 10 companies. And most conspicuous in their consumption of other firms in 1989 were Bunzl Building Supply of Chicago and PrimeSource (né Sequoia Supply) of Irvine, Calif.

Bunzl's shopping spree catapulted the American arm of the British conglomerate into the top 10 ranks of NHCN's Building Material Distributors List. The company acquired Acoustalite Supply, a Redwood City, Calif.-based designer of customized ceiling systems; Magic Woods of Kansas City, Mo., a custom millworker; and building materials wholesalers Plywood Supply of Springfield, Mo., and Benco Building Supply of Greenburg, Pa. The combination drove Bunzl's revenue up more than 100 percent from last year to \$400 million.

Meanwhile, Sequoia Supply completed its merger with Grip Rite International, a White Plains, N.Y.-based umbrella corporation of several distribution firms.

That union joined Sequoia with building material wholesalers Guardian Purchasing, Metropolitan Wholesale Supply, Miller Supply, and Pan American Building Materials Corp. The four were among subsidiaries of Grip Rite.

Movement galore

However, Sequoia Supply and Bunzl weren't alone in gobbling assets in this industry segment:

- Georgia-Pacific acquired Wood-I-Beam Inc., an engineered beams manufacturer;
- Universal Forest Products, in Grand Rapids, Mich., acquired manufacturer-distributor Willamette Industries of Woodburn, Ore., and Arcata Planing & Dry Kiln Inc., a redwood products manufacturer in Arcata, Calif.;
- Universal was also one of several commodities wholesalers that took advantage of Weyerhaeuser's selloff of 13 distribution centers. Universal purchased its Orlando and Tampa, Fla., facilities. Weyerhaeuser's DCs in St. Louis and Houston were bought by Quality Wholesale Building Products of Little Rock, Ark.; Baltimore and Freehold, N.J., DCs were acquired by Snavely Forest Products of Pittsburgh; Grand Rapids and Indianapolis by Schultz, Snyder & Steele Lumber of Lansing, Mich.; and Hartford, Conn., by Seven D Wholesale of Gallitzin, Pa.

Despite the selloff of these DCs, Weyerhaeuser, with 35 DCs, remains the industry's second largest distributor

(Continued on page 17)



George MacConnell, senior vp at Georgia-Pacific, which held onto its top distributor position despite a decline in building materials sales.

Photo courtesy Georgia-Pacific

Building materials distributors refine service and product offerings for dealers

By John Sinisi

NATIONAL REPORT — When housing starts fell by 5 percent to 1.4 million units last year, according to

National Association of Home Builders figures, the home building industry had plummeted to its lowest level in eight years.

Not by coincidence, 1989 distribution sales for Georgia-Pacific, the largest building products wholesaler in the U.S., were down by 1.6 percent, the first time in 11 years the company's annual distribution revenue declined, and a significant drop considering G-P's overall volume last year rose by \$1 billion to \$10.2 billion.

"We offer such a broad range of products that we may be considered something of a bellwether to the industry," says G-P senior vp-distribution and specialty operations George MacConnell. "With housing starts down, and remodeling not as high as expected, we feel we held our own with virtual break-even sales volume."

Indeed, sales of 93 commodities wholesalers ranked by NHCN in its annual Top Building Products Distributors list rose just 7 percent to an aggregate \$18.773 billion last year, far better than the 2 percent sales gain by all home improvement retailers, but less than distributors' past growth.

Undaunted, MacConnell expects sales from G-P's distribution arm in 1990 to rebound, but not without redoubled efforts to expand and enhance support services for dealers.

"I think it's just as important to us as it is to mid-sized and smaller companies to do more than move product to the customer," says the G-P executive. "We're always looking for ways to service customers on an individual basis, to avoid the cookie-cutter approach."

Growth to meet dealer demands

To broaden their assortment of products and the markets they cover, many wholesalers sought to expand their companies through merger and acquisition (see accompanying story).

The flurry of M&A activity reflects an industry that is striving to keep current with prevailing retailer demands. "There are wholesalers out there that have geared themselves to mom-and-pop retailers and haven't looked at national accounts before," observes Evert Dykhuis, president of Grandville, Mich.-based Empire Distributors. "As these people jockey to service the Builders Squares and Home Depots of the world, there's more of an expansionist attitude out there."

Ply-Gem Industries, which has grown from a \$57 million company in 1982 to a \$500 million concern in 1989, is ready to coordinate its regional operations into a cohesive, national marketing force. Ply-Gem plans to cross-merchandise the products its 11 operating companies offer via its "Teamwork '90s" program.

Hiring Somerville Lumber's former president and merchandising director are key to this marketing strategy, according to president Jeff Silverman. "We brought in

(Continued on page 17)



◆ DISTRIBUTOR CENSUS ◆

HARDLINES WHOLESALERS

Hardlines wholesalers

(Continued from page 13)

"We think we can benefit from folding certain companies into our own," said Jerry Barton, president of Atlanta-based General Hardware, whose sales increased by 2 percent to \$138 million in 1989.

Witte Hardware in St. Louis and CC Distributors in Corpus Christi, Texas, are also eyeing acquisitions this year.

In January, CC beefed up its commercial/industrial sales by merging with Whitman Distributors of Mathers, Texas, which had several government contracts. CC now seeks a company to help it expand its plumbing and electrical offerings, said president George Finley.

Aside from acquisition, hardlines wholesalers are

looking inward to stay competitive. Cost efficiency has grown in importance, and many are working to improve inventory turns and fill rates while trimming overhead.

Bostwick-Braun Co. of Toledo, Ohio, has cut its 800-member work force in half over the last decade. And William Whiting laid off half his work force, 40 employees, in 1989 at the Nashville, Tenn.-based Clarke Hardware.

When he took over the fam-

ily run business last year, Whiting installed new computer programs to track inventory and ordering. At the moment, he is evaluating pricing and considering charging dealers for services that the former president did not.

"Service has got to have some monetary value," he said, including on-time delivery and filling special orders.

Product niches

Service aside, the dominant

trend among wholesalers is to land a product niche. Blackstone Supply Co., Providence, R.I., last July acquired the assets of National Paint, a Connecticut-based sundries supplier, and added 2,500 skus to its assortment. Honsador, the Hawaii wholesaler, is placing its emphasis on millwork. The reason, said president Jim Pappas, is that "the home construction market here is booming."

Meanwhile, the need to stay abreast of hardlines co-ops has led other distributors to begin offering lumber and building materials. Besides Davis of South States, this includes two Tennessee operators—Wallace Hardware of Morristown and House-Hasson of Knoxville—and Frederick Trading Co., Frederick, Md.

"Building materials is where the hardware business is going," said Len Dawson, vp-purchasing for Wallace. Although the company has accounts in seven states, for now it will only sell building materials to those within 175 miles of its DC. "We'll get into it slowly and see how it goes," said Dawson.

Not everyone sees the value of stocking commodities. William Nelson of Nelson-Roanoke Co., Roanoke, Va., said margins with building materials are not high enough to tempt him.

And Neil Marglous, president of Witte Hardware in St. Louis, which is heavily invested in tools and other hardware, said "Lumber would be a sideshow for us, but we're not interested."

Marglous is angling for more trade with large retailers, including business he already has with the 38-store Central Hardware and May Company's Venture Stores. "We find more mass merchants getting away from direct-shipments [from manufacturers] and relying on wholesalers," said an optimistic Marglous.

Shel Gendelman, president of Hardlines Marketing Co. of Milwaukee, Wis., is also courting more business from chains. He is trying to increase his offering in lawn and garden and paint/paint sundries. In addition, the company acquired an auto aftermarket products wholesaler last year.

Gendelman said he has given up on trying to push certain products that he believes retailers should be selling. Instead, he now listens more closely to his customers.

"We as wholesalers must begin thinking like retailers," he said. "It's a must if we are to survive."

**A Simple Psychology:
Better Product, Better Price, Better Profit.**

freud Tool Center

Freud offers a product line that literally sells itself. Products that are profitable and in demand by industry, contractors, cabinet shops and D-I-Y. Products you want and being sold by mass merchants. Freud's dependability and reputation are unmatched in the trade, which translates into tremendous profit-making potential for you. And with product accessories rapidly becoming the primary source of profit margin, there is no limit to your success with Freud. Freud has innovative programs to assist you in entering this arena and developing a strong sales partnership. Personalized service is a must and cooperation is the key to success.

Freud's commitment to service is legendary. Our dedicated, customer service professional sales team, 24 hour Fax ordering and prompt shipment of orders are just a few of the extra steps to ensure your success. You owe it to yourself and to your customers to provide the best available Freud. Call us today for more information on becoming part of the Freud team. You'll see for yourself what others have known for over 40 years: when Freud comes in, the profits go up.

freud

Precisely what you need.

High Point, NC • (919) 434-3171

Circle 11 on Reader Service Card

◆DISTRIBUTOR CENSUS◆

BUILDING MATERIALS WHOLESALERS

Commodities wholesalers

(Continued from page 15)

Dave [Cohen] and Ed [Linehan Jr.] because we need to know what it will take to get retailers to buy more of our product," Silverman explains. "If it means offering support of any kind, we'll give it to them."

Working with dealers

Huttig Sash & Door went one step beyond holding in-store sales training. Huttig's commissioned field reps have on occasion accompanied Lowe's salesmen to job sites to assist in making sales pitches.

Stuart Wells, president of the Chesterfield, Mo.-based distributor, notes that the cost to the company of offering this kind of sales support is hard to quantify, despite his company's 18 percent sales gain last year.

"From their standpoint, the cost is great if they don't make the sale, and not so great if they succeed," says Wells.

Building material distributors have year filled with mergers

(Continued from page 15)

and, contrary to the perceptions of some competitors, has long-range plans to remain a leader in this part of its business, said John Purcell, vp-sales and marketing for Weyerhaeuser's forest products division, in an interview with *NHCN* in March;

• The wave of expansion also spilled north of the border, where Canfor Corp.'s building materials division in Burnaby, British Columbia, took over certain assets of Weldwood of Canada Ltd. in February 1989. The merger produced a wholesaling group with sales of \$495 million.

Some don't survive

In the midst of all this activity were some unsuccessful mergers and casualties. Fast-growing ABC Supply in Wisconsin signed a letter of intent to purchase Cameron Wholesale in Texas, but that deal fell through in late 1989. Economic conditions in the Northeast were so poor that A. W. Hastings of Maine is now called A. W. Hastings and Co., because it was forced to close its Portland, Maine, warehouse and move to Pittsburgh.

And Diehl Lumber of Salt Lake City disappeared altogether, although Terry Diehl resurfaced last month and reportedly is negotiating to buy Diamond Lumber's 14 retail yards in the Northeast. ◆

Bloch Lumber, another distributor based in Chicago, goes so far as to remove all risks of freight overcharges.

Trucking companies often charge below tariffed rate for shipments, and if they go out of business for some reason, as can often happen, the collection agency that takes over the account tries to charge tariffed rates, president Ted

Bloch explains.

"What we do is fight for the retailer," Bloch says. "On occasion, we've been able to save our customers hundreds of thousands of dollars in legal fees and unfair billing."

Finding one's distribution

Empire took a unique tack in increasing its revenue by pursuing millwork distribution contracts with hardlines co-ops. Last year it made a deal with Hardware Whole-

salers Inc., the Fort Wayne, Ind.-based co-op, to ship its 2,500 dealers millwork three ways.

"We drop ship direct from the manufacturer for HWI's largest dealers. We deliver from our warehouses to medium dealers' stores, and deliver to HWI warehouses for their smaller dealers," explains Dykhuis, whose company's sales jumped 65 percent last year to \$70 million.

The 1990s will serve as a

constant test for the building materials wholesaler, according to Steve Snavely, president of Snavely Forest Products in Pittsburgh, whose sales last year increased only 4 percent, but which recently acquired two former Weyerhaeuser distribution centers.

He foresees that diversified wholesalers will continue to be affected by a tougher housing market, and the independents will turn to specialty niches with variable success. ◆



When we built the Wall Hugger, we didn't cut any corners. Just the cord.

When we sat down to develop the Wall Hugger, we first took a good long look at what consumers wanted in a portable electric heater. And what they didn't. And thought about how we could combine both into one, unique unit.

Our brainstorming resulted in a revolutionary new concept.

And the world's only cord-free electric space heater.

The Arvin Wall Hugger.™

Nothing to trip over.

Nothing to tip over.

Without a cord, the Wall Hugger becomes one of the safest, portable electric heaters you can buy.

Think about it.

With no cord, there's no cord to trip over. And since the Wall Hugger

plugs directly into any grounded outlet, there's virtually no way it can be tipped over and become a potential hazard.

And even if it should somehow get knocked out of the socket, so what? It's just been turned off.

Heavyweight Features.

Lightweight Design.

After we cut the cord, we put in every conceivable feature anyone could ever want.

Such as a cooling fan. 1200 Watts/4100 btu's. An exclusive rotatable plug. A durable, non-shocking

case made of space-age LEXAN® Resin. A safety night light. Triple overheat protection. Automatic safety shutoff. And dozens of other features you'd have to be an engineer to understand, let alone appreciate.

Yet for all this technological wizardry, the Wall Hugger weighs less than two pounds. And thus sets a new standard in portable heater portability.

Constant temperature for constant comfort.

Thermostatically controlled, the Wall Hugger can do what few other space heaters its size can.

Warm a room and keep it that way.

Considering that's why you buy an electric heater, guess which heater your customers will be looking for to warm their rooms.

A sales record waiting to happen.

With all the Wall Hugger has to offer, it should come as no surprise that people everywhere are already warming up to it.

Lots of people.

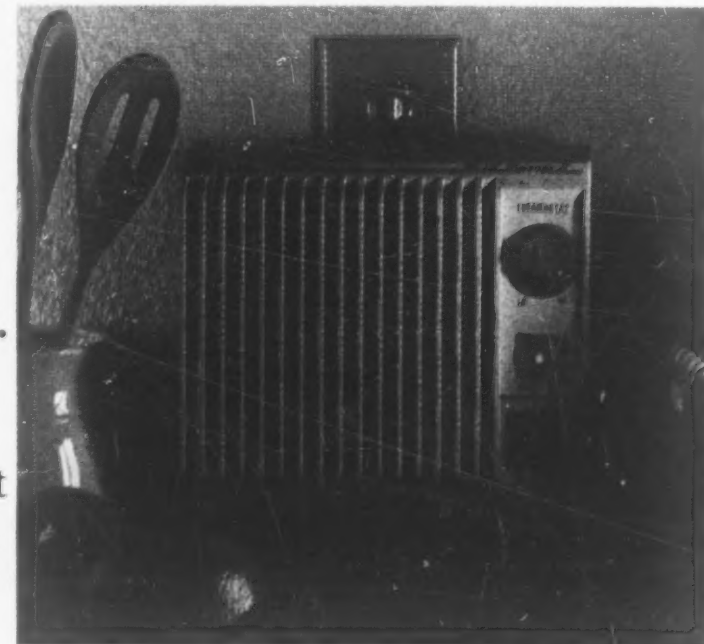
Which means there's one more thing the Wall Hugger can do better than most other electric heaters.

Heat up sales.

So why not join the portable heater revolution?

Carry the Arvin Wall Hugger. The portable heater that cut the cord, not the corners.

® Registered trademark of General Electric Company



Model WH-20



ARVINAIR

500 South 15th Street, Phoenix, Arizona 85034

Circle 12 on Reader Service Card

◆DISTRIBUTOR CENSUS◆

HARDLINES WHOLESALERS

The top 70 Hardlines Wholesalers in the industry

Rank 1989	Rank 1988	Company Name	Annual Sales			Number of Distribution Centers		Avg. Inventory Carried at DC in \$ Mil		Number of SKUs offered		Number of Active Customers		Number of Trucks		Number of Employees	
			\$ Millions 1989	1988	% Change 1988- 1989	1989	1988	1989	1988	1989	1988	1989	1988	1989	1988	1989	1988
1	1	Farwell, Ozmun, Kirk & Co., Denver*	140	136	2.9	3	3	NA	24.0	35,000	35,000	1,700	1,700	NA	NA	500	500
2	2	General Hardware, Atlanta	138	135	2.2	4	4	21.0	22.0	36,000	36,000	2,600	2,500	80	82	600	600
3	3	Orgill Brothers, Memphis	120	110	9.1	7	7	NA	NA	44,000	45,000	10,000	10,000	72	72	NA	NA
4	7	L.G. Cook Distributing, Grand Rapids, Mich.	95	90	5.6	1	1	18.0	14.0	22,000	18,000	1,350	1,350	25	25	250	250
5	6	California Hardware, City of Industry, Calif.* ¹	95	91	4.4	1	1	12.0	12.0	38,000	39,000	850	850	34	34	300	304
6	4	Moore-Handley, Birmingham, Ala.	93	100	-6.3	2	2	10.4	10.7	29,000	27,700	2,400	2,700	53	60	406	440
7	10	Witte Hardware Corp., St. Louis	80	75	6.7	1	1	12.0	10.0	30,000	30,000	1,500	1,500	52	45	180	200
8	5	Emery-Waterhouse, Portland, Maine ²	79	96	-17.4	1	3	10.5	7.9	28,000	29,600	950	1,200	33	21	420	432
9	8	Masback Hardware, North Bergen, N.J.	75	77	-2.6	2	2	10.5	10.5	30,000	28,000	1,500	1,500	24	24	310	300
10	11	Jensen-Byrd Co., Spokane, Wash.*	71	70	1.4	1	1	9.0	9.0	40,000	40,000	1,700	1,700	13	13	260	260
11	13	Frederick Trading, Frederick, Md.	70	67	4.9	1	1	11.6	12.0	35,000	35,000	2,400	2,400	45	45	390	400
12	12	Monroe Hardware Co., Monroe, N.C.	69	65	6.2	3	3	NA	NA	26,000	26,000	3,500	3,500	46	45	375	375
13	9	Decatur Hopkins Co., Taunton, Mass.*	65	75	-13.3	1	1	8.5	9.0	23,000	23,000	1,500	1,500	14	14	NA	NA
14	15	RKB Enterprises, Elmira, N.Y.	60	60	0.0	1	1	8.0	8.0	32,000	31,000	1,200	1,200	18	15	330	338
15	17	George Worthington Co., Mentor, Ohio	54	51	5.9	1	1	8.0	6.0	38,000	32,000	900	900	NA	NA	240	220
16	21	Bacar, Inc. San Jose, Calif.	52	48	8.3	1	1	NA	NA	13,000	13,000	1,300	1,300	5	5	275	250
17	16	Racer Distributors, East Long Meadow, Mass.	52	52	0.0	1	1	7.0	5.0	10,000	7,500	700	700	NA	NA	150	150
18	14	Nuway Distributors, Baltimore* ³	50	63	-20.6	9	14	NA	NA	NA	20,000	5,000	6,600	NA	NA	130	200
19	19	House-Hasson Hardware, Knoxville, Tenn.	50	50	0.0	2	2	6.0	6.0	30,000	34,000	2,000	1,200	22	22	250	200
20	20	Bostwick-Braun Co., Toledo, Ohio	48	48	0.0	1	1	6.4	6.1	32,000	32,000	1,100	1,100	19	19	200	202
21	24	Honsador, Ewa Beach, Hawaii	44	36	22.2	3	3	10.0	8.0	3,700	3,800	3,500	3,500	14	13	102	96
22	22	Wallace Hardware, Morristown, Tenn.	44	40	10.0	1	1	6.0	6.0	28,000	28,000	2,300	2,300	23	23	185	185
23	23	Blish-Mize Co., Atchison, Kan.	40	38	5.3	1	2	7.0	7.0	35,000	35,000	1,800	1,500	29	29	185	185
24	26	Allied International, Janesville, Wis.	38	35	8.6	4	4	11.0	10.0	12,000	11,000	NA	NA	NA	NA	150	156
25	27	Amarillo Hardware, Amarillo, Texas	38	34	11.8	1	1	5.9	5.9	31,000	34,000	1,600	1,300	21	24	178	195
26	18	Baumrin Bros., Jacksonville, Fla. ⁴	35	50	-30.0	2	2	8.0	10.0	12,000	18,000	500	1,000	0	0	100	225
27	25	Kruse Hardware, Cincinnati	35	35	0.0	1	2	5.5	5.0	26,000	25,000	750	800	20	20	175	175
28	28	Panic Distributors, Columbus, Ohio*	34	34	0.0	2	2	NA	7.0	8,000	8,000	50	50	8	8	NA	NA
29	29	American Wholesale Hardware, Long Beach, Calif.	38	33	15.2	1	1	6.6	6.6	33,000	33,000	1,100	1,200	8	8	150	150
30	32	Sunshine Industries, Cleveland	33	30	10.0	1	1	NA	NA	15,150	14,500	1,600	1,500	4	4	105	NA
31	31	S&T Wholesale Hardware, Jeffersonville, Ind.	30	30	0.0	1	1	4.8	5.0	25,000	27,000	1,200	1,200	15	14	122	120
32	33	Brown-Rogers-Dixon, Winston-Salem, N.C.	30	30	0.0	3	3	4.0	4.0	15,000	15,000	2,000	2,000	30	40	150	150
33	37	South States, Inc., Shreveport, La.	27	25	7.1	2	2	6.2	5.5	16,000	14,000	1,250	1,200	18	18	148	142
34	34	Spicola Hardware, Tampa, Fla.	27	27	0.0	1	1	2.0	2.0	40,000	35,000	2,500	2,500	12	15	75	90
35	35	Hardline Marketing, Milwaukee*	26	26	0.4	1	1	NA	NA	21,000	21,000	2,000	2,000	5	5	112	112
36	36	CC Distributors, Corpus Christi, Texas	25	26	-2.0	1	1	1.8	2.0	23,000	22,800	425	420	7	7	91	92
37	30	Barnstable County Supply Co., W. Barnstable, Mass.	25	31	-18.0	2	2	2.3	2.3	6,000	6,000	300	300	10	10	50	50
38	38	The W.H. Kieffer Co., Dayton, Ohio	25	25	0.0	7	7	4.5	4.5	35,000	35,000	3,000	3,000	20	20	155	160
39	39	Hall & Knight Co., Lewiston, Maine	22	23	-4.4	1	1	4.7	4.5	35,000	35,000	2,500	2,500	9	9	125	125
40	40	Heusinger Hardware, San Antonio, Texas	21	21	0.0	1	1	5.0	5.7	17,000	15,800	1,496	1,496	17	18	104	104
41	44	Buttery Hardware, Llano, Texas*	20	20	0.0	1	1	NA	NA	21,000	21,000	700	700	10	10	NA	NA
42	42	West Texas Wholesale Supply, Abilene, Texas	20	20	0.0	1	1	5.4	5.4	30,000	28,000	1,800	2,000	11	11	97	97
43	46	Henderson & Baird Hardware, Greenwood, Miss.	19	18	6.7	2	1	3.3	3.0	16,000	13,500	1,266	1,200	NA	30	82	74
44	43	Budrow & Co., Santa Fe Springs, Calif.	19	20	-5.0	1	1	1.3	1.4	22,000	22,000	600	600	3	4	60	60
45	45	Nelson-Roanoke Corp., Roanoke, Va.	18	18	0.0	1	1	3.5	3.5	25,000	22,000	2,000	2,000	20	20	115	125
46	49	Summers Hardware, Johnson City, Tenn.	18	16	12.5	1	1	NA	NA	26,000	28,000	1,000	900	16	14	125	122
47	47	Builders Hardware Supply Corp., Seattle	17	17	0.0	2	2	2.5	2.5	30,000	30,000	5,000	5,000	3	3	110	100
48	50	Wright & Wilhelmy Co., Omaha, Neb.	17	16	5.0	1	1	3.3	3.3	28,000	28,000	1,500	1,200	15	14	100	100
49	48	Garehime Corp., Brisbane, Calif.	16	16	0.0	1	1	2.5	2.5	15,000	15,000	1,000	800	2	2	60	60
50	51	Charles McMurray Co., Fresno, Calif.	15	15	0.0	2	2	3.2	3.2	8,000	8,000	200	200	2	2	50	50
51	52	Watters & Martin, Inc., Norfolk, Va.	15	15	0.0	1	1	3.5	3.5	20,000	20,000	750	700	9	9	100	100
52	54	Wilco Supply, Oakland, Calif.	15	14	3.6	1	1	3.5	3.5	28,000	28,000	3,500	3,500	0	0	65	65
53	55	Behrman-Pharr, Texarkana, Texas	14	14	1.4	1	1	4.9	4.8	12,000	12,000	2,200	2,200	17	17	100	105
54	53	Yakima Hardware Co., Yakima, Wash.*	14	14	0.0	1	1	NA	NA	26,000	26,000	700	700	NA	NA	NA	NA
55	56	Pyramid Products, N. Kansas City, Mo.	14	13	3.8	1	1	3.0	3.0	24,000	24,000	NA	NA	3	3	60	60
56	58	Mutual Distributors, Honolulu	13	12	11.7	1	1	3.5	3.5	15,000	14,000	700	600	10	8	70	65
57	65	Morse Hardware, Bellingham, Wash.	13	10	30.0	1	1	2.8	2.5	30,000	28,000	NA	NA	4	4	NA	NA
58	57	Sheffield Hardware, Americus, Ga.	12	13	-6.2	1	1	2.3	3.0	16,000	24,000	1,200	1,200	7	8	58	90
59	59	George Wetherbee & Co., Detroit	12	12	0.0	1	1	2.4	2.0	12,500	15,500	400	400	3	3	58	55
60	64	Becknell Wholesalers, Lubbock, Texas	12	10	15.0	2	2	2.0	1.8	22,000	21,500	1,800	2,200	5	5	72	72
61	60	Charles J. Smith, Jersey City, N.J.	11	11	0.0	1	1	2.5	NA	8,000	8,000	675	640	4	4	30	30
62	61	Feltus Brothers Hardware, Inc., Natchez, Miss.	11	11	0.0	1	1	2.2	2.2	21,800	21,000	972	972	8	8	53	53
63	62	Blackstone Supply, Providence, R.I.	10	11	-9.1	1	1	2.5	2.3	17,500	15,000	450	400	5	5	45	45
64	63	C.H. Miller Hardware Co., Huntingdon, Pa.	10	10	0.0	1	1	2.6	2.3	16,000	16,000	520	480	7	7	86	86
65	67	Biscayne Electric & Hardware, Miami	9	9	2.2	1	1	NA	NA	24,000	22,000	700	600	5	5	65	65
66	66	Wagner Hardware, Mansfield, Ohio	9	9	0.0	1	1	1.3	1.3	19,000	19,000	800	800	5	5	49	49
67	69	Ogilvie Hardware, Shreveport, La.	8	7	11.9	1	1	NA	NA	14,000	12,000	1,100	950	6	6	49	46
68	70	Southern Hardware, West Helena, Ark.	7	6	11.1	1	1	1.1	1.0	11,500	11,500	650	650	5	5	37	34
69	68	Clarke Hardware, Nashville, Tenn.	6	9	-30.6	1	1	2.0	2.0	18,500	19,000	600	600	4	6	42	NA
70	41	Wyeth Co., St. Joseph, Mo.* ⁵	6	20	-70.0	1	1	NA	NA	12,000	25,000	700	1,500	NA	25	NA	100
Totals			2,593	2,592	0.0	115	123					107,504	108,858			9,866	10,041
Averages			37	37		2	2	5	5	22,809	23,081	1,536	1,555	14	15	141	143

*NHCN Estimate

¹California Hardware purchased the assets of Southwest Hardware in Phoenix in March, 1990. Southwest's estimated 1989 sales were \$12.6 million, not included in California's total.

²Emery Waterhouse closed its Fries, Beall & Sharp division.

³Nuway filed Chapter 11 in Fall of 1989.

⁴Baumrin Co. filed Chapter 11 in 1989

⁵Wyeth Co. filed Chapter 7 in 1989

Census Methodology

The information contained in this year's Hardlines Distributors chart above, and the Building Products Distributors chart on page 22, was provided to *National Home Center News* by officials from each company, either by

phone or Fax machine.

Usually, the data came from the company's president, its general manager or its vice president of finance or controller.

Dollar sales figures were rounded to

the nearest million. In instances in which two or more companies had the same sales in 1989, the secondary ranking was sales in 1988, highest to lowest.

In instances where estimates were made, *NHCN* relied on information from other sources—e.g., marketing groups the distributors belong to, or

statements filed by these companies with <

The Top Building Materials Distributors

Rank 1989	Rank 1988	Company Name	Annual Sales \$ Millions		% Change 1988- 1989	Number of Distribution Centers		Avg. Inventory Carried in \$ Mil		Number of SKUs offered		Number of Active Accounts		Number of Trucks		Number of Employees	
			1989	1988		1989	1988	1989	1988	1989	1988	1989	1988	1989	1988	1989	1988
1	1	Georgia-Pacific, Atlanta	4,627	4,700	- 1.6	144	144	NA	375	100,000	NA	55,000	44,000	1,200	1,325	4,500	4,640
2	2	Weyerhaeuser, Tacoma, Wash.	2,700	2,600	3.8	35	51	NA	NA	NA	NA	14,000	15,000	NA	NA	1,760	1,790
3	3	North Pacific Lumber, Portland, Ore.	610	544	12.1	30	27	NA	NA	NA	NA	7,000	7,000	NA	NA	390	373
4	4	Huttig Sash & Door, Chesterfield, Mo. ¹	556	470	18.3	61	67	90	90	NA	NA	13,000	13,000	260	275	2,540	2,340
5	5	Ply Gem Industries, New York	507	384	32.0	46	35	NA	NA	NA	NA	3,500	3,000	NA	NA	3,318	1,852
6	11	Canfor-Weldwood, Burnaby, B.C.**	495	300	65.0	24	21	38	NA	25,000	NA	5,000	NA	80	NA	600	NA
7	5	PrimeSource, Irvine, Calif. ²	451	426	5.9	46	43	55	52	10,000	8,000	18,500	17,000	300	300	1,000	970
8	6	MacMillan Bloedel Building Materials, Atlanta	450	425	5.9	20	17	NA	NA	NA	NA	7,935	6,800	155	140	351	315
9	8	Universal Forest Products, Grand Rapids, Mich.	385	354	8.8	30	25	34	23	NA	NA	1,500	850	100	48	1,850	1,550
10	20	Bunzl Building Material Services, Chicago	346	190	82.1	31	30	NA	NA	30,000	30,000	8,000	8,000	135	100	800	450
11	9	Morgan Distribution, Mechanicsburg, Pa.*	304	312	- 2.6	11	11	NA	NA	12,000	11,000	4,500	4,500	204	161	800	900
12	10	Allied Building Products, East Rutherford, N.J.	300	300	0.0	35	35	NA	NA	NA	NA	15,000	15,000	300	300	1,000	1,000
13	17	ABC Supply, Beloit, Wis.	289	211	37.0	80	68	29	NA	NA	NA	45,000	50,000	500	500	880	700
14	13	Adam Wholesalers, Cincinnati	288	261	10.3	12	12	29	29	NA	NA	5,500	5,500	150	132	1,000	858
15	12	Furman Lumber, Billerica, Ma.	280	291	- 3.8	13	13	23	27	2,500	2,400	5,000	5,000	34	34	285	313
16	15	Bradco Supply, Avenel, N.J.	260	244	6.6	30	25	24	22	25,000	25,000	NA	NA	300	225	675	675
17	14	Boise Cascade, Boise, Idaho	254	254	0.0	9	9	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
18	16	International Paper, Purchase, N.Y.*	250	240	4.2	21	17	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
19	19	Norandex, Inc., Cleveland	200	200	0.0	65	67	35	35	800	800	35,000	30,000	150	150	700	700
20	18	Owens-Corning Fiberglas Supply, Toledo, Ohio*	200	200	0.0	20	20	NA	NA	NA	NA	NA	NA	40	40	165	165
21	24	Green Forest Lumber, Toronto**	197	156	26.0	4	4	14.6	12	NA	NA	350	300	2	2	230	230
22	21	Pacific Coast Building Products, Sacramento, Calif.	180	168	7.1	20	20	NA	NA	NA	NA	NA	NA	100	NA	400	NA
23	23	Cascade Empire, Portland, Ore.	174	161	8.1	NA	NA	2	2	NA	NA	1,200	1,200	NA	NA	90	51
24	22	Western International Forest Products, Portland, Ore.	170	164	3.7	1	1	3	3	500	500	1,100	900	NA	NA	100	100
25	25	Hager Group, Grand Rapids, Mich.	162	150	8.0	15	15	17.2	17	NA	NA	2,500	2,500	39	37	435	427
26	27	Pacific Supply, Oakland, Calif.	162	122	32.8	20	20	15.4	13.5	2,100	1,700	3,300	3,000	110	110	275	275
27	32	Louisiana-Pacific, Portland, Ore.	150	103	45.6	8	9	NA	NA	NA	NA	NA	NA	NA	NA	160	NA
28	26	Roberts & Dybdahl, Des Moines, Iowa	147	142	3.5	11	11	8	8	7,500	7,500	1,400	1,200	35	32	260	240
29	31	Iron City Sash & Door, Pittsburgh	124	105	18.1	6	6	26	20	NA	NA	2,000	2,000	56	50	375	350
30	29	Rivendell Forest Products, Englewood, Colo.	123	108	13.9	10	9	16.5	16.5	125	NA	720	440	10	10	45	44
31	33	Babcock Lumber, Pittsburgh	106	102	3.9	7	7	NA	NA	NA	NA	1,800	1,600	50	NA	350	350
32	34	Addison Corp., Atlanta ³	105	100	5.0	12	17	15	20	6,000	6,000	4,500	6,000	85	120	580	708
33	35	Noranda Building Materials, Toronto**	102	97	4.4	6	5	7.7	7.7	700	400	1,500	1,500	24	20	95	90
34	28	Sherwood Lumber, Roslyn, N.Y.	100	120	- 16.7	9	9	8	12	NA	NA	600	780	NA	NA	35	35
35	38	Empire Wholesale Lumber Co., Akron, Ohio	100	89	12.4	9	9	4	4	NA	NA	350	320	NA	NA	53	53
36	36	Plunkett-Webster, New Rochelle, N.Y.*	95	95	0.0	5	5	NA	NA	NA	NA	1,500	1,500	25	25	230	250
37	40	Cameron Wholesale, Waco, Texas	92	82	12.2	15	15	14	14	16,000	19,000	1,100	1,100	110	100	360	450
38	30	Apex Supply, Atlanta	90	107	- 15.9	14	15	NA	NA	NA	NA	NA	NA	50	NA	345	400
39	37	Sabbeth Industries, Deer Park, N.Y.*	90	90	0.0	7	7	NA	NA	NA	NA	3,800	3,000	NA	NA	220	220
40	45	Hampton Lumber, Portland, Ore.	83	69	20.3	2	2	7	3	NA	NA	903	790	0	0	44	37
41	41	Snively Forest Products, Pittsburgh*	82	79	3.8	7	5	NA	7	NA	NA	3,300	3,300	15	15	135	135
42	43	Kelleher Lumber, San Rafael, Calif.	82	72	13.9	3	4	8	8	410	410	1,100	1,100	15	15	130	120
43	44	Diamond Hill Plywood Co., Darlington, S.C.	78	72	7.6	10	10	10.5	10	47,000	47,000	5,600	5,500	45	43	270	269
44	42	Futter Lumber, Rockville Center, N.Y.	72	76	- 5.3	6	7	NA	NA	NA	NA	450	350	NA	NA	18	18
45	47	Orepac Building Products, Wilsonville, Ore.	72	65	10.8	6	4	8	7	2,800	2,500	2,500	2,000	32	28	160	140
46	39	Lawrence McCoy & Co., Worcester, Mass.	70	85	- 17.6	2	2	3.5	3.5	NA	NA	NA	NA	NA	NA	NA	NA
47	46	A.P.I. Supply, Minneapolis	70	66	6.1	7	7	NA	NA	6,500	6,500	2,000	2,000	NA	23	NA	125
48	57	Empire Distributors, Grandville, Mich.	70	48	45.8	2	2	6	6	18,000	15,000	3,500	2,200	16	16	150	112
49	54	Lumbermens, Grand Rapids, Mich.	62	50	24.0	7	6	8	7	24,000	19,000	3,000	2,500	25	18	125	115
50	66	All-Coast Forest Products, Chino, Calif.	62	45	37.8	2	2	7	6	NA	NA	400	300	17	17	150	150
51	48	Booker & Co., Tampa, Fla.	60	60	0.0	4	4	6	5.5	5,500	5,000	1,543	1,275	28	29	128	132
52	49	Mid-State Lumber, Branchburg, N.J.	58	57	1.8	3	3	4	3	337	337	460	400	19	17	64	68
53	59	Seven D Wholesale, Gallitzin, Pa.	58	48	20.8	5	5	6	4	10,000	10,000	700	550	60	25	110	85
54	53	Daigle Lumber Ltd, Boucherville, Quebec**	58	52	11.0	6	6	7.5	8	30,000	30,000	2,800	2,500	23	24	176	169
55	50	Wolf Distributing Co., York, Pa.	56	56	0.0	7	7	5	5	NA	NA	1,300	1,300	32	30	135	130
56	51	Aetna Plywood, Arlington Heights, Ill.	55	55	0.0	4	4	4	4	12,000	12,000	NA	NA	20	20	120	110
57	52	Redwood Empire, Morgan Hills, Calif.*	55	54	1.9	3	3	3	3	350	350	750	750	43	43	180	180
58	58	Benco Building Products, Greenburg, Pa. ⁴	54	48	12.5	3	3	NA	NA	4,000	4,000	750	750	50	50	139	130
59	60	Spartanburg Forest Products, Spartanburg, S.C. ⁵	52	48	8.3	2	2	8	8.3	NA	NA	NA	NA	11	11	145	140
60	61	Amerhart Ltd, Green Bay, Wis.	52	47	10.6	5	3	8.5	5.5	NA	NA	2,000	1,500	25	25	150	105
61	70	Building Material Distributors, Galt, Calif.	51	40	27.5	5	5	3.8	4.5	10,000	10,000	2,000	2,000	26	24	210	184
62	55	Ajayem Lumber, Walden, N.Y.	50	50	0.0	2	2	5	5	NA	NA	750	700	15	15	90	90
63	65	Pacific Steel & Supply, San Leandro, Calif.	50	45	11.1	1	1	7	7	1,700	2,000	2,000	2,000	6	6	70	70
64	69	Cedar Creek Wholesale, Broken Arrow, Okla.	50	40	25.0	3	3	4	3.5	500	NA	1,000	1,000	25	25	60	38
65	62	M.L. Sandy Lumber Sales, Corinth, Miss.	48	46	4.3	12	12	5	NA	NA	NA	3,500	3,000	30	25	200	105
66	72	Lumber Products, Portland, Ore.	48	39	23.1	6	6	5	4	5,000	5,000	2,500	2,500	24	24	130	90
67	68	JGA Corp., Doraville, Ga.	46	41	12.2	6	6	2.9	2.9	NA	1,800	NA	NA	35	35	100	100
68	63	H.M. Stauffer & Sons, Leola, Pa.	45	45	0.0	2	2	4	4	1,500	1,500	2,200	2,000	NA	NA	365	365
69	73	Shultz, Snyder & Steele Lumber, Lansing, Mich.	44	39	12.8	4	4	4.6	NA	2,700	NA	800	NA	10	9	98	95
70	64	Dallas Wholesale Builders Supply, Dallas	42	45	- 6.7	1	1	4.5	4.5	5,000	4,000	1,500	1,350	20	20	100	100
71	67	Weekes Forest Products, Minneapolis*	42	44	- 4.5	1	1	NA	NA	NA	NA	1,200	1,200	NA	NA	NA	NA
72	74	Glesby Building Materials, Inc., Van Nuys, Calif.	40	38	5.3	2	2	NA	NA	2,200	2,000	3,500	3,500	25	25	100	100
73	76	Arling Lumber, Cincinnati	40	37	8.1	3	3	3	4	800	800	600	600	20	8	40	40
74	79	Bloch Lumber, Chicago	40	35	14.3	5	5	10	10	350	350	450	450	NA	NA	20	18
75	71	Willco, Doraville, Ga.	38	40	- 5.0	2	2	2.5	3	3,000	3,000	425	100	9	10	65	40
76	77	Fessenden Hall, Pennsauken, N.J.	36	36	0.0	1	1	3	2.6	NA	NA	2,000	2,000	13	13	85	85
77	83	Allied Plywood Corp., Alexandria, Va.	35	30	16.7	5	5	3.5	3.5	200	200	2,000	2,000	20	20	89	92
78	78	Klumb Lumber, Jackson, Miss.	34	36	- 5.6	2	2	1	1	NA	NA	600	600	8	8	70	70
79	80	Reisen Lumber, Union, N.J.	34	34	0.0	2	2	4.5	5	7,000	7,000	3,500	3,500	16	15	105	99
80	82	Mid-Am Building Supply, Moberly, Mo.	33	32	2.5	5	4	2.5	2	4,000	3,500	750	NA	15	12	96	70
81	75	Riverside Millwork, Penacook, N.H.	32	38	- 15.8	6	6	6	6	NA	NA	1200	1200	2			

◆DISTRIBUTOR CENSUS◆

HARDLINES CO-OPS

The Top Hardlines Co-ops

Rank '89	Rank '88	Company Name	Total Sales (In \$ Mil.) '89	Total Sales (In \$ Mil.) '88	% Chge.	LBM as Percent of Sales '89	LBM as Percent of Sales '88	No. of Dealer/Members '89	No. of Dealer/Members '88	No. of Home Center Dealers '89	No. of Home Center Dealers '88	% of Sales from Home Centers '89	% of Sales from Home Centers '88	No. of DCs total Sq. Ft. '89	Min./max. inventory (\$ mil.) '89	Min./max. inventory (\$ mil.) '88	No. of SKUs '89	No. of SKUs '88	Sales to inventory ratio '89	Sales to inventory ratio '88	% Sales from drop shipment '89	% Sales from drop shipment '88	Dealer Charges Warehouse Pool Relay Drop Ship '89	Dealer Charges Warehouse Pool Relay Drop Ship '88	No. of Employees '89	No. of Employees '88
1	1	Cotter & Co. Chicago	2,058	2,004	2.7	7.4	6	8,122	8,000	1,800	1,600	37	35	14 (5.9 mil.)	301	280	42,850	37,000	6.8	6.9	41	41	2-13 6 0-2	5-15 6 0-2	3,900	3,700
2	2	Ace Hardware Oak Brook, Ill.	1,546	1,382	11.9	10	7.3	5,200	5,073	2,000	2,000	41	41	14 (5.5 mil.)	180-215	158-198	42,000	42,000	4.7	4.7	24.6	24.6	0-10 6 0-2	10 6 1-2	2,850	2,741
3	3	ServiStar Inc. Butler, Pa.	1,170	1,120	4.5	41.7	41.2	3,700	3,700	1,700	1,559	65	62	6 (2.1 mil.)	95-111	75-100	41,500	41,000	4.4	5	19.5	21.1	0-20 6-10 0-3	5-15 6-10 0-3	1,400	1,375
4	4	Hardware Wholesalers Inc., Fort Wayne, Ind.	1,062	1,001	6.1	40	35	2,821	2,765	1,700	1,650	50	50	5 (1.9 mil.)	64-73	62-70	40,000	38,000	15.5	15.1	50	50	NA NA NA	NA NA NA	761	738
5	5	CoastAmerica Denver	409	416	- 1.7	NA	NA	1,200	1,170	NA	NA	NA	NA	3 (1.1 mil.)	70	70	35,000	35,000	NA	NA	10	10	NA NA NA	NA NA NA	992	1,200
6	6	Our Own Hardware Burnsville, Minn.	137	139	- 1.4	20	18	1,000	1,200	350	475	40	40	2 (800,000)	15-19	15-21	35,000	35,000	5	5	35	35	7-11 10 1	7-11 6 2	340	350
7	7	United Hardware Distributors, Minneapolis	96	95	1.1	0	5	565	565	0	30	0	5	1 (420,000)	11-16	10-13	37,000	37,000	5.9	5.9	14.3	13.3	2-11 1-11 1	2-11 1-11 1	270	270
8	8	Handy Hardware Wholesalers, Houston	60	55	9.1	4	3	634	628	NA	NA	NA	NA	1 (220,000)	6.7	6.5-7.7	24,700	24,700	8.9	8	25	23	9 5 0	9 5 1	130	121
9	9	Connecticut Hardware Cromwell, Conn.	13	11	13.6	NA	NA	58	58	4	4	10	10	1 (35,000)	1.8-2	1.8-2	15,000	15,000	5.2	5.2	35	35	NA NA NA	NA NA NA	13	15
Totals and Averages			6,551	6,223	5	14	13	23,300	23,159	7,554	7,318	27	27				34,783	33,856	6	6	28	28			10,656	10,510

Source: NHCN chart

5-year sales growth for co-ops strong, but fight is still for dealer loyalty

By an NHCN staff editor

NATIONAL REPORT — Between 1984 and 1989, sales for the nine leading hardlines co-ops rose an aggregate 49.5 percent to \$6.553 billion. The influence of these groups over retailers large and small has matched these revenue gains.

However, there remains a wide disparity in what each of these buying groups is able to generate out of its respective dealer members, as sales per dealer has emerged as somewhat of a bellwether of the extent of that co-op's impact on the market.

In addition, boosts in stock-keeping units, inventory levels and even employees varied markedly from co-op to co-op over the last half decade, and again can serve to illustrate how aggressively each company has pursued new business.

Starting with sales per dealer, Ace Hardware and Hardware Wholesalers Inc. (HWI) kept pace with the sales growth among co-ops, each registering 50 percent increases in revenues per dealer over this span to \$297,308 and \$376,462, respectively.

Even though its sales were essentially flat last year, ServiStar Corp. still outran

its co-op competition in terms of squeezing more business from its members, as sales per dealer shot up in five years by 94.1 percent to \$376,462.

Given the sheer number of dealers it has, Cotter & Co.'s dealer sales over this period grew at a fairly respectable rate, although nowhere near what its competitors achieved. While its overall sales increased by more than 25 percent over the past five years, Cotter's sales per dealer actually expanded by only 8.2 percent.

Skus, inventory increased

The ability to get more dealer business has a lot to do with what the co-ops have been offering, and in almost every case each company expanded its product mix substantively.

Overall, the average sku assortment per co-op increased during this five-year span by more than 13 percent to 34,783 items. But some of the big gains came from unexpected places. Cotter increased its assortment during this period by 53 percent—to 42,850 from 28,000—although its biggest jump came last year.

HWI expanded its mix by nearly 43 percent over this

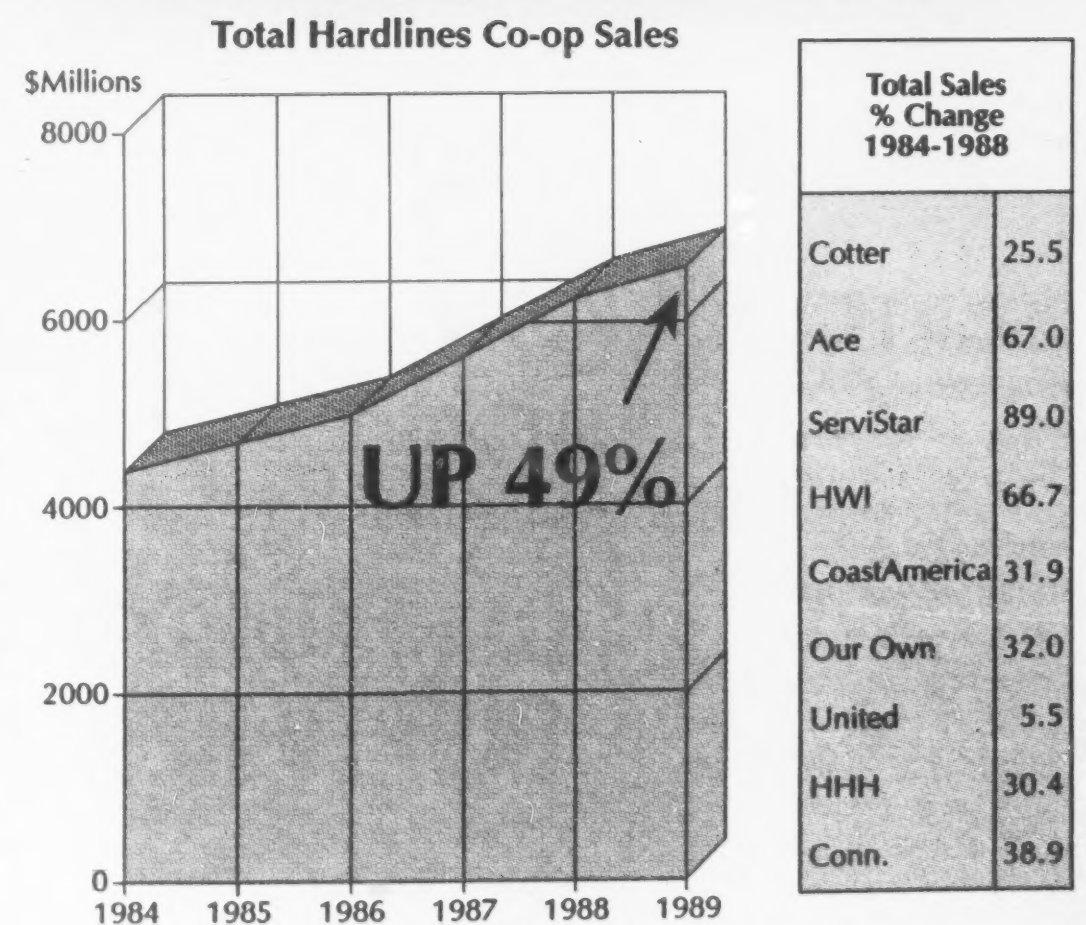
same period to 40,000 items, and the beleaguered CoastAmerica expanded its skus to 35,000, a 25 percent gain over 1984 levels.

But while item assortments may vary among co-ops, the overall trend has been to jack up inventory levels. For the nine companies, total inventory has increased by 65.3 percent since 1984.

ServiStar expanded its capacity the most, by 102 percent to an average \$103 million last year. Our Own Hardware, on the other hand, followed the pattern of most retailers by reducing its inventory levels from 1984's \$20 million to last year's average of \$17 million.

On a sales per DC basis, in 1984 each of Cotter's warehouses stocked \$14.5 million; last year that jumped to \$21.5 million. The same was true of most of the co-ops: Ace (\$10.7 million versus \$14.1 million), ServiStar (\$12.6 million versus \$17.2 million), HWI (\$10.6 million versus \$13.8 million), Coast (\$16.7 million versus \$23.3 million), United Hardware Distributors (\$11 million versus \$13.5 million), and Connecticut Hardware (\$1 million versus \$1.9 million. ◆

Co-op	1984		1989		Sales/Dealer % Change 1984-1988
	Total Sales (In \$ Mil.)	\$ Sales/Dealer	Total Sales (In \$ Mil.)	\$ Sales/Dealer	
Cotter & Co.	1,640	234,286	2,058	253,386	8.2
Ace Hardware	926	197,021	1,546	297,308	50.9
ServiStar	619	162,895	1,170	316,216	94.1
HWI	637	249,804	1,062	376,462	50.7
CoastAmerica	310	287,303	409	340,833	18.6
Our Own	105	105,000	139	115,500	10.0
United	91	165,455	96	169,912	2.7
HHH	46	91,270	60	94,637	3.7
Conn.	9	180,000	13	215,517	19.7
Totals	4,383		6,552		
Averages		111,536		136,236	17.2



Building materials sales spur hardlines co-ops' growth

Death of Cotter & Co. founder ushers in major changes

The nation's largest hardlines co-op, headquartered in Chicago, was rocked by the death last year of its founder and chairman, John Cotter, at the age of 85. His passing issued in some sweeping changes at the buying group.

It was a tough year for sales at Cotter. After an 8.1 percent sales increase in 1987-1988, Cotter's sales slowed to a net 2.7 percent increase.

The annual rebate to dealers fell by 10 percent last year to \$88.9 million. The company pegged the drop to a slowdown in its manufacturing side, increased expenditures for headquarters' computerization, last year's strike at the Pomona, Calif., distribution center and increased interest expense to support a 14 percent increase in skus offered at distribution centers.

The sku increase was part of Cotter's regionalization plans. Last year the co-op decided to regionalize its offerings so dealers served by the Portland, Ore., DC would have localized products perhaps not germane to dealers served by the Ocala, Fla., center.

The retirement last year of Ed Lanctot, John Cotter's longtime friend and the co-op general merchandise manager and a corporate officer, also opened the door for more changes. In order to make products in direct mail circulars more regionalized, the dealers' promotion and advertising council was empowered to make all product decisions, replacing the centralized grip of the corporate headquarters.

Regionalization also meant regional sales managers were renamed "member development managers" and moved out of Chicago to DCs.

Ace Hardware's sales rise 12 percent in 1989

Ace Hardware added nearly 130 new members last year, and its sales in 1989 rose almost 12 percent in an industry whose overall growth was virtually flat.

The Oakbrook, Ill.-based co-op, the nation's second largest, also beefed up the inventory in its 14 DCs, and increased the amount of business it got from dealer-members buying lumber and building materials. To further expand its commodities

sales, Ace opened a lumber trading office in Beaverton, Ore., which had been in the planning stages for two years.

The company added to its overall warehouse capacity by replacing its 360,000-square-foot DC in Conyers, Ga., with a new 481,000-square-foot facility in Gainesville, Ga.

Ace still gets about a quarter of its sales from drop ship orders. But like many other hardlines co-ops, Ace has sought to position itself to get more warehouse sales. Part of this effort last year included initiating its ACENET program, which allows dealers to order directly from the DCs as well as keep instantly informed about price changes and product specials.

Internally, Ace moved some long-time executives into new posts. Thirteen-year vet Bill Loftus and 10-year employee Paul Ingevaldson were named vps of retail support for all DCs, with Loftus handling operations and Ingevaldson services.

David Myer was promoted to vp-distribution.

The co-op set the tone for its plans for 1990 during its fall buying show in Atlanta last November, when company president Roger Peterson urged dealer-members to form a closer relationship with the co-op and its services to thwart competition from larger home center chains.

Turnover doesn't hinder member base at ServiStar

ServiStar more or less managed to keep up with inflation in 1989, increasing its sales 4.5 percent to \$1.17 billion.

Its dealer-member base remained even at 3,700, but that figure belies considerable turnover in the co-op's ranks over the past year.

President Larry Zehfuss said that he considers one-third of ServiStar's membership "dead" because they do not participate in the co-op's programs (NHCN Dec. 12, 1989). The Butler, Pa.-based ServiStar thinned out some members, some went out of business, and Zehfuss said that about 18 defected to the competition.

"But we're able to entice many more than that to join us," he said, and so despite the churning, ServiStar's numbers remain even. Moreover, it increased its number of high-volume home center dealers to 1,700 from 1,559.

The co-op increased its total warehouse space to 2.1 million square feet in six DCs. This increased space, in addition to a slight buildup in inventory, led ServiStar to report a slight decline in its sales-to-inventory ratio, to 4.4 from 5 turns. It boosted its product offering by 500 skus to 41,500.

ServiStar has established as its mission to help its members compete with the power retailers that are moving into their markets. It is changing its thinking from being strictly a wholesaler to being a "chain retailer," according to senior vp-sales and marketing Don Belt, who wants to consider ServiStar a "voluntary chain."

Accordingly, in 1989 the co-op conducted 85 "grassroots" meetings with dealers to carry ServiStar's message and to sell its programs.

ServiStar also used 1989 to push its specialty niches, namely Grand Rental Station and its Lawn & Garden stores.

HWI reaches \$1B mark, expands reach to NE, Calif.

Inspired by its first billion-dollar sales year in 1988, Hardware Wholesalers Inc. looked beyond its Fort Wayne, Ind., base in 1989 to big-revenue areas in the Northeast and California.

At the same time, the co-op continued to roll out specialty programs to its 2,800 members, who enjoyed another record rebate year totaling \$50 million.

HWI increased its stock-keeping units by 2,000 to 40,000, doubling its floor coverings offering and expanding its window program. It

also began carrying higher-margin home decor lines, including those in wall coverings and bath accessories.

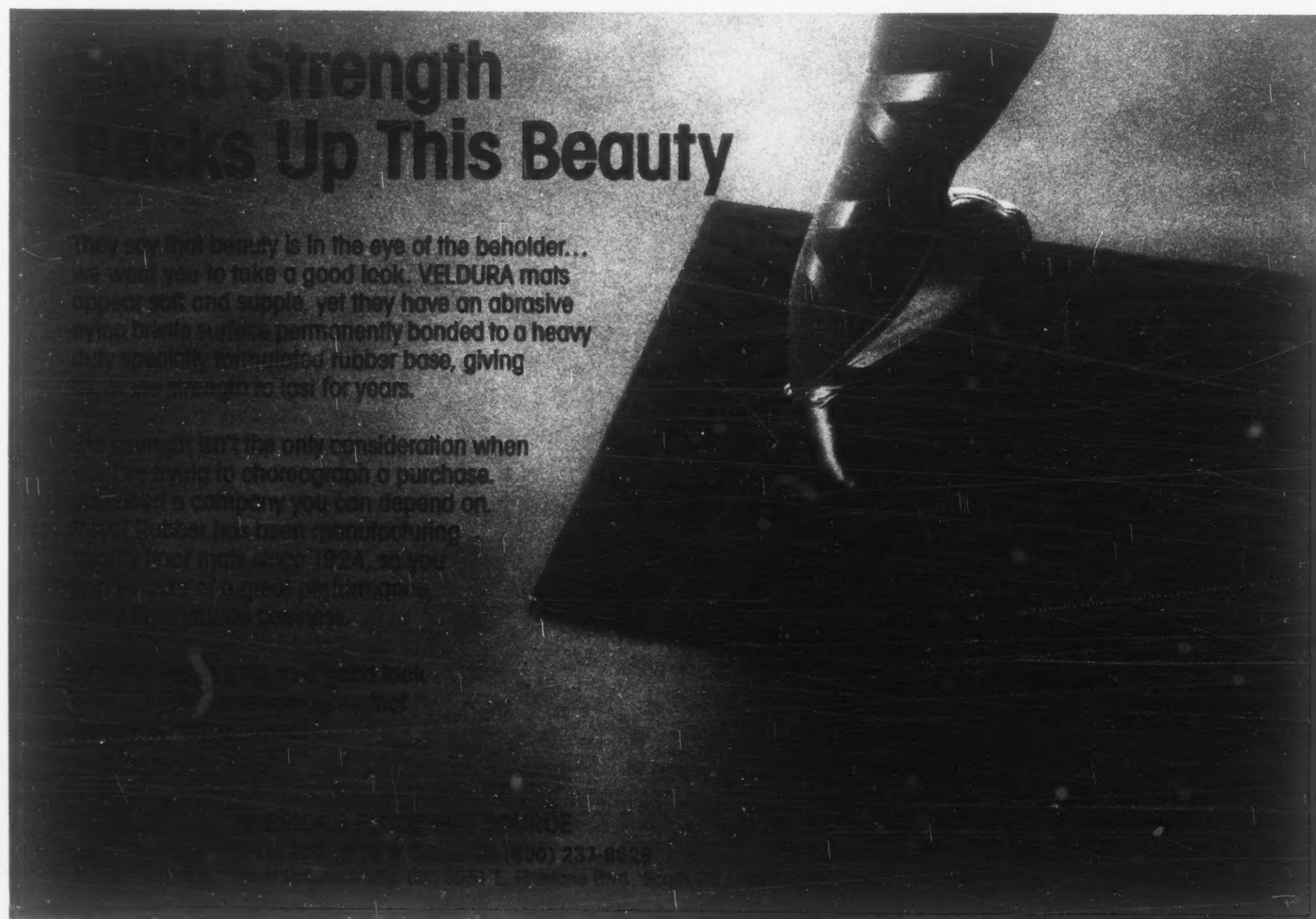
Paint sales were up 21 percent, thanks largely to a private-label product made by Sherwin-Williams. And lumber and building materials took on increased importance, swelling to 40 percent of the co-op's overall \$1.06 billion in 1989 sales. In addition, HWI began exploring "niche" areas, among them storage and office products.

All this was accomplished while maintaining one of the industry's best fill rates—about 95 percent—and lowest expense ratios, 3.37 percent.

The year began with the signing of the first dealer in southern California, where HWI joined industry leaders Cotter and Ace. By last December, the co-op had more than 30 dealers there, and had begun planning to build a distribution center in the area. Stock is currently sent from a DC in Waco, Texas.

Meanwhile, HWI's presence in New England also grew—land for a DC in that region is also being sought—and more Southeast dealers were signed to support the Columbia, S.C., DC, one of five.

The number of "Do-it Center" turnkey stores, now spanning from California to Connecticut, passed 200 last year.



Strength Backs Up This Beauty

They say that beauty is in the eye of the beholder... we want you to take a good look. VELDURA mats appear soft and supple, yet they have an abrasive nylon bristle surface permanently bonded to a heavy duty specially formulated rubber base, giving them the strength to last for years.

Strength isn't the only consideration when you're going to choreograph a purchase. You need a company you can depend on. VELDURA has been manufacturing mats for more than 30 years, so you can expect a great performance.

For more information, call (800) 237-8638.

Circle 16 on Reader Service Card

◆DISTRIBUTOR CENSUS◆

HARDLINES WHOLESALERS

Co-ops' sales up 5 percent to exceed \$6.5B mark

CoastAmerica and parent Amdura feel financial woes

Early optimism last year about expected growth for CoastAmerica and its parent, Amdura, dissolved into a financial mess by the year's end (see story, page 1).

By the second quarter of 1990, Amdura had filed Chapter 11, leaving its 1,200 Coast to Coast and 800 Trustworthy dealers with a shaky future. At press time, it was also soliciting sales bids for CoastAmerica.

Former ceo Robert Nassau's plan was to join three national distributors—Coast, Globe and Farwell, Ozmun & Kirk Co.—into the nation's single largest hardlines supplier. The benefit: mutual use of nine distribution centers across the country.

But the debt he amassed in acquiring Coast and Globe in late 1988 caused stockholder revolt, and he was replaced last fall by former Gambles executive Wayne Waldera.

Under Waldera's tutelage, Amdura has been selling or closing DCs to reduce over-

head. The Globe division, which distributes mainly auto aftermarket products, has seen the greatest cutbacks.

Waldera is trying to improve Amdura's profile with banks, which earlier this year refused to extend credit to the company. Analysts say that once he sells two remaining manufacturing divisions Crosby and Harris lenders may reconsider.

Despite 1989's problems, Coast signed 56 new dealers and did away with certain overlapping suppliers. Amdura also entered distribution agreements with Sears and Caldor.

But financial troubles overshadow all else, said spokesman Rollie Carlson.

"Our job now is to stabilize the business and restore loyalty from suppliers," he added.

Our Own Hardware cites loss of UBC in sales decline

Losing United Building Centers, the Winona, Minn.-based dealer, as a member was the main culprit behind the 1.4 percent drop in sales at Our Own Hardware,

the hardware co-op here.

However, last year Our Own Hardware was able to maintain its profitability, according to vp-merchandising/advertising Steve Saefke.

The co-op continues to help its members "find a niche and then fill it," which Saefke described last year as the organization's primary advice to its members.

Its Rent It program, in which Our Own sells its members' inventory and trappings to set up an 800-square-foot tool rental franchise, has been installed in 22 member stores.

"Rent It provides power tools, plumbing tools, mechanics' tools, contractors' equipment, household equipment, and lawn and yard tools," Saefke explains. Our Own launched a program two years ago that specifically helps members define niches. Called "The Service Station," the program, which gained most of its momentum in 1989, offers promotional support for any miscellaneous service conceivable.

"Member stores either incorporate existing services or come up with new ones," explains Saefke, who adds that current members' Service Stations offer anything from cutting keys to repairing small engines. "They find the service, and we provide the vehicle for its visibility," he says.

Also this year, a new man took the helm as Our Own's president. He is James Weyrens, a 19-year veteran of the co-op who took the position on Jan. 1, 1990.

Saefke says that the greatest asset Weyrens will contribute this year is his enthusiasm for the group.

United Hardware to remodel Hardware Hanks

The Minneapolis-based United Hardware Distributors will begin a major remodeling of its existing Hardware Hank stores in 1990, a program known as the "Image Program," according to Ardwin Link, the distributor's new president and ceo.

"Our existing stores need to be upgraded to sustain their position and we hope it will attract new members too," said Link.

United's membership stayed constant in 1989 with 565 dealer members.

The newly remodeled stores will be completely re-merchandised and sport new
(Continued on page 30)

pakmix **PICK-ME-UP SWEEPSTAKES**

Quality Packaged Concrete Products Nationwide



Cash In On Additional Profits
And You Could **WIN**
A Chevy Pickup For Yourself
And For One Of Your Customers.

Call today for additional information!
1-800-272-5649

Circle 18 on Reader Service Card

NATIONAL **Universal Mount Latch**

for Storm and Screen Doors



No. 1307 Latch

One SKU fits doors 1/2" to 1 1/4" thick and with 1 1/4" or 3" post hole spacing. Solid die-cast zinc body will not rust. Beautiful, durable, double-coat, baked-on acrylic/polyester finish.

National Manufacturing Co., Sterling, IL
Call 800-435-4672 (IL 815-625-1320)

R1

Circle 19 on Reader Service Card



WE MAKE TOOL HOLDERS FOR EVERYONE. ALMOST.

When it comes to sales, we've got great figures to show you. All from three innovative product lines designed to appeal to all your customers. Custom Leathercraft. Heavy Leather. And Durolite™, the award-winning line made of super-tough, super-light DuPont Cordura® Plus.

Every Custom Leathercraft product is

made in the U.S.A. with fine materials and craftsmanship. And we support you with all the advertising and merchandising tools you need.

So call Custom Leathercraft at 1-800-325-0455. You, too, can have great figures to show.

CUSTOM LEATHERCRAFT
©1989 Custom Leathercraft.

Circle 20 on Reader Service Card

◆ DISTRIBUTOR CENSUS ◆

HARDLINES WHOLESALERS

Member base rises by 140 overall for hardlines co-ops

United's sales flat in '89; budgets for 7% increase in '90

(Continued from page 28)
decor, but the company has not yet determined the size of the investment in the program. However, it did say that it hopes to have the first

store reopened by the year-end.

Link is the second president the company has had since the retirement of longtime president Warren Goldberg in 1989. Link succeeded Homer Taylor on Feb. 13.

He joined the buying co-op in 1986 as vp-operations from Ben Franklin Stores.

United's sales, which are largely dependent on the agricultural economy, were virtually flat in 1989, rising by 1 percent to \$96 million.

But Link is optimistic that the economy will pick up this year, and has already seen evidence of an upturn in the cycle. United has budgeted for a 7 percent increase in 1990.

Handy Hardware enjoys surge in Texas market

The Texas market has perked up in recent months, and Handy Hardware Wholesale, the Houston-based hardlines co-op, came along for the ride.

"Purchases by dealers in Austin, San Antonio and Corpus Christi were up 25.2 percent last year," states Tina Kirbie, the company's secretary/treasurer. She adds that purchases from dealers in North Texas and Dallas-Fort Worth went up 17.6 percent, and a whopping 44.3 percent from Houston dealers.

On the whole, Handy Hardware's volume rose 9.1 percent to \$60 million in 1989.

Handy Hardware made some competitive moves in 1989 to bolster its market position. On Jan. 1, 1989 it became a member of the Pro Hardware marketing group. In May it promoted Steve Penett to vp-warehousing and distribution. In June it changed its drop ship charges to dealers to cost plus zero "until further notice." Last year, drop shipments accounted for 25 percent of total sales, an increase of 2 percentage points over the previous year.

The company added six new dealer members, bringing its total to 634. And, without increasing the inventory levels in its 220,000-square-foot warehouse in Houston, Handy Hardware was able to improve its turnover by nearly one turn to 8.9 turns annually.

Connecticut Hardware stays on an even keel

For most dealers in the Northeast, 1989 was a year to forget. But Connecticut Hardware, the hardlines co-op based in Cromwell, Conn., managed to hold its own without making major changes in its operation.

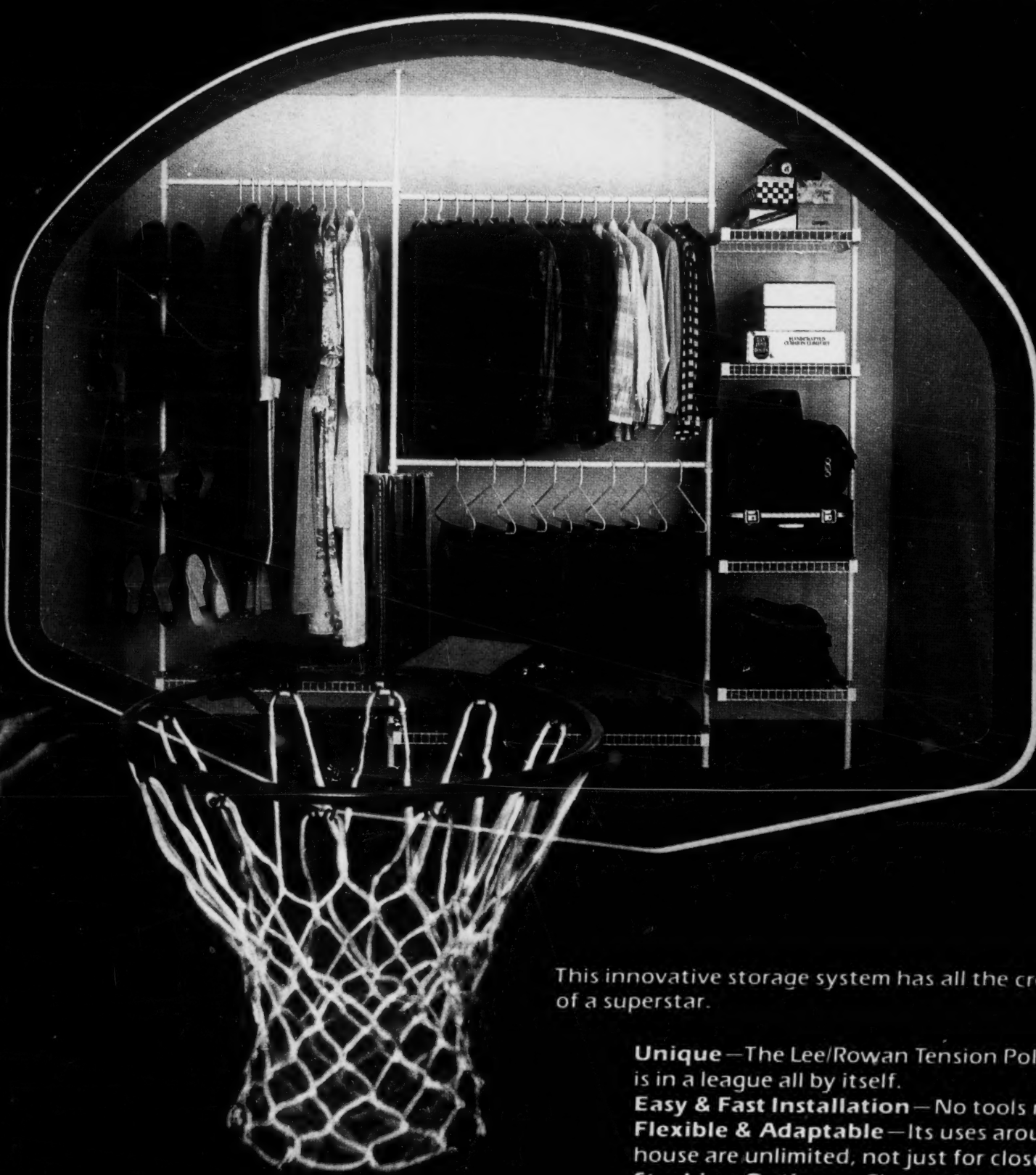
"We did fairly well last year, and business has been fair to middling in 1990," says Denise Alrriivee, the company's advertising manager. Connecticut's sales from 58 dealer-members rose 13.6 percent to \$12.5 million.

On the whole, reports Alrriivee, Connecticut maintained its inventory and sku levels last year. And while it lost some of its dealers, it was able to sign new ones to keep its membership even with 1988 totals.

Early that year, the company had begun to delve into computerized inventory management, and through 1989, "we went into the computer program in greater depth," she says.

Alrriivee noted though that she has no new marketing campaigns on the drawing board for this year.

LEE/ROWAN Slam Dunks the Competition, again! Introducing the Tension Pole System... another all-American from Lee/Rowan.



This innovative storage system has all the credentials of a superstar.

Unique—The Lee/Rowan Tension Pole System is in a league all by itself.

Easy & Fast Installation—No tools required.

Flexible & Adaptable—Its uses around the house are unlimited, not just for closets.

Stocking Options—Choose from prepacked systems, or the full line of uniquely packaged open-stock components.

Merchandising—Naturally, Lee/Rowan provides the point-of-purchase display and materials.

Make your draft choice count, put the new Tension Pole System in and you'll have a winning season. Call Lee/Rowan at 1-800-325-6150, in Missouri 314-721-3363.

storage systems[®] by LEE/ROWAN[®]
WHERE AMERICA GETS ORGANIZED[™]

©1990 Lee/Rowan Co.

St. Louis, MO 63133

Circle 22 on Reader Service Card

◆ DISTRIBUTOR CENSUS ◆

HARDLINES WHOLESALERS

Distributors predict another tough year but say revenues will rise

Hardlines wholesalers, in spite of an anticipated slowdown in the economy and weakened retail sales, are projecting their revenues to increase by 8 percent this year, following a similar gain in 1989.

Thirty-three of the distributors belonging to the National Wholesale Hardware Association (NWHHA) and who participated in a recent NWHHA survey also believe 1990 will be another tough profit year, exacerbated by rising health insurance coverage for employees.

"Nineteen eighty-nine was a fairly decent year for our membership, but the first quarter of this year has been very flat," reports Thomas Fernley III, the executive director of NWHHA, which is based in Philadelphia. Overall, Fernley said his association's members still foresee sales rising around 5 percent, "which isn't too bad and should be ahead of inflation."

As the accompanying chart indicates, those wholesalers in the survey were equally as positive about their business fortunes. Distributors located in the Great Lakes region expect the highest percentage gain; those in the Southeast the least.

These predictions follow a year when the median sales growth among hardlines wholesalers was respectable. The wholesalers in the Plains States and the Southeast in particular showed strong gains, and even those in the sagging Northeast were not nearly as bad off as their retail counterparts, many of which reported steep sales declines.

A couple of trends emerged last year, though, based on these wholesalers' responses to the NWHHA survey. For one thing, collecting receivables didn't get any easier: nearly two full business days were added to the time that wholesalers said they were paid by their customers for goods shipped last year.

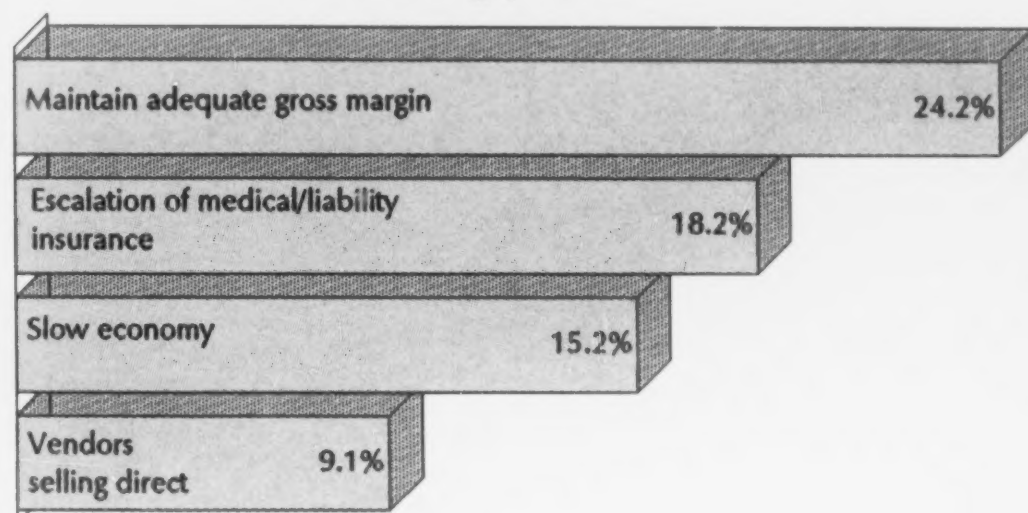
In spite of this, it appears distributors maintained strong service levels throughout the country, with none of the reporting distributors dropping below 89.8 percent for the year.

As they enter 1990, sustaining a profit is going to be harder, say these wholesalers, nearly a quarter of which believe that the major problem facing their businesses this year will be "maintaining adequate gross margins" in the face of escalating competition.

	Inventory increase* (1989 vs. 1988)	1990 projected sales* (versus 1989)
East Central	0.0%	+ 5.0%
Great Lakes	+ 10.5	+ 7.5
Northeast	- 2.2	+ 6.5
Plains States	+ 4.0	+ 5.0
Southeast	+ 3.6	+ 1.0
Southwest	—	—
West	- 4.0	+ 10.0
National	+ 1.0	+ 8.0

Hardlines distributors held back on adding appreciably to their inventory levels in 1989, except for those wholesalers in the Great Lakes region who reported strong sales last year. As an industry, hardlines wholesalers appear to be optimistic about this year's business, too.

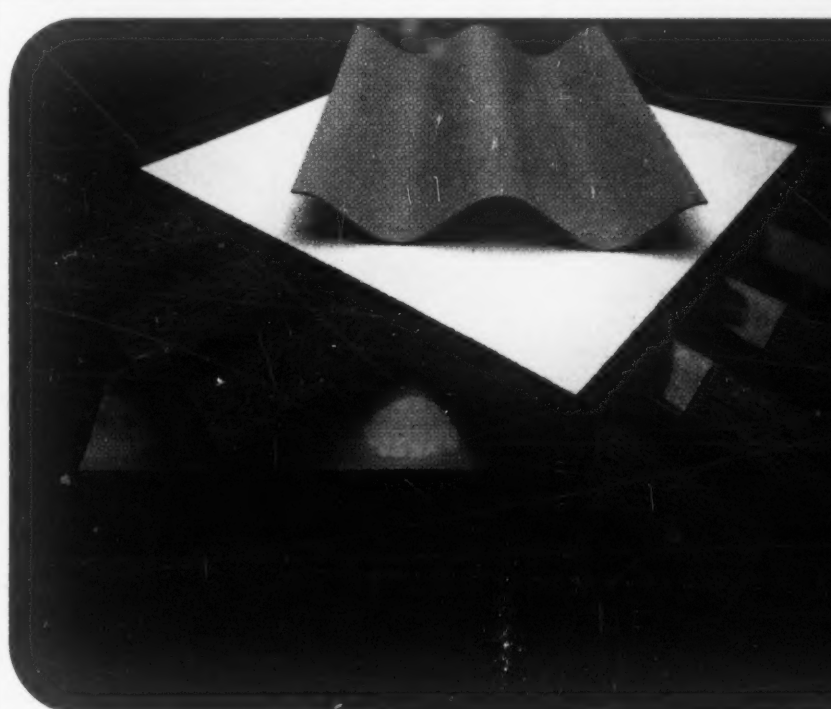
Define the major problem facing your business in the coming year:



Source: National Wholesale Hardware Association

NHCN chart

Distributors have a tough time making money every year, and 1990 should be no exception. According to wholesalers who were recently polled by the National Wholesale Hardware Association, profitability will be the No. 1 issue facing distributors this year. And these companies are also concerned about escalating health insurance costs which, in turn, also cut into profits.



Build Sales Storewide

Build DIY or contractor sales for lumber, tools, nails, sealants and other accessories. Easy "How-to" mailers and a complete merchandising package build fast turns and better returns on every sale — storewide.

Circle 26 on Reader Service Card

LARSON SUPPORTS

At Larson, we produce more than great doors. We take some justifiable pride in offering the strongest marketing support system in the wood core storm door industry. Our commitment to you starts with quality products and seasonal promotion campaigns.

Add to that an on-going research function, new product innovations, employee training programs, co-op advertising, regional warehouses, complete local inventories, in-store merchandising, our own fleet of delivery trucks, an outstanding warranty program...

Well, you get the idea.

For further information about Larson's "Proven Plan for Success," please call 1-800-334-1328, or write us at 2333 Eastbrook Drive, Brookings, South Dakota 57006.



The number one selling wood core storm door in the USA.

Circle 28 on Reader Service Card

CUSTOMERS FLIP OUR LIDS THREE TIMES MORE OFTEN.



In a recent independent survey of 1330 retailers across the country, one brand of floor and tile adhesives was the clear favorite. Henry. We proved to be three times more popular than the next closest competitor.*

The reason is simple. We've been making the highest quality adhesives for over 50 years. And we've backed them with unmatched customer service.

*Source: "A Profile Of The Retail Market For Adhesive And Glue Products," 1987. (Wholesaler-served retailers.) Prepared by: Marketing Information and Research Services, National Retail Hardware Association, Home Center Institute.

HENRY

We're good for your reputation.

© 1989 The W.W. Henry Company

Circle 27 on Reader Service Card

Building materials sales slacken for commodities buying groups

Rank	Company Name	Sales (\$Millions)			% LBM		No. of Dealers/ Members		Percent of Sales From Home Co-ops		Employees	
		1989	1988	% Change	1989	1988	1989	1988	1989	1988	1989	1988
1	Lumbermen's Merchandising Corp., Wayne, Pa.	1,028	1,012	1.6	80	80	650	650	45	45	190	190
2	Builder Marts of America, Greenville, S.C.	425	422	0.7	80	80	1,910	1,910	15	15	195	207
3	Central Builders Supply, Sturgis, Mich.	305	280	8.9	100	100	545	545	80	80	46	54
4	ENAP, New Windsor, N.Y.	225	250	-10.0	100	100	205	185	85	70	53	56
5	Progressive Affiliated Lumbermen, Grand Rapids, Mich.	179	169	5.9	100	100	215	208	100	100	24	22
6	Allied Building Stores, Monroe, La.	178	168	6.0	80	80	157	161	40	40	55	52
7	Philadelphia Reserve Supply, Croydon, Pa.	156	171	-8.8	90	90	198	198	82	82	50	50
8	Independent Builders Supply Association, Smithfield, N.C.	103	87	18.4	85	85	115	104	70	70	11	11

NHCN chart

Even though their aggregate sales increased by less than 2 percent in 1989 to \$2.599 billion, the eight major building materials buying groups remained formidable forces in the home improvement industry, as best evinced by the nearly 57 percent increase in sales the group has enjoyed over the past five years.

Over that period, these same companies upped their dealer membership by 32 percent to an overall total of 3,992, which means that the buying groups have been successful getting more sales bang per dealer.

Central Builders Supply, the Sturgis, Mich.-based broker, saw its sales between 1984 and 1989 rise 150 percent to \$305 million. During that same time frame, sales per dealer grew by nearly 84 percent to \$559,633, as CBS increased its dealer count by 36 percent.

ENAP, the New Windsor, N.Y.-based buying group, saw its first sales decline in several years in 1989, mostly the result of moribund business on the East Coast. Nevertheless, ENAP's expansion since 1984 has been consistently strong: sales have risen 99 percent during that time, and sales per dealer—the number of which has increased more than 78 percent—rose 12 percent to around \$1.1 million.

But none of the buying groups in this industry segment come close to the overall performance of secretive Lumbermen's Merchandising Corp., the Wayne, Pa., co-op better known as LMC. Given its size and market position, LMC's gains are unrivaled.

The 650 stores operated by LMC's 263 members increased their aggregate volume by 88 percent to \$1.028 billion between 1984 and 1989, according to data submitted

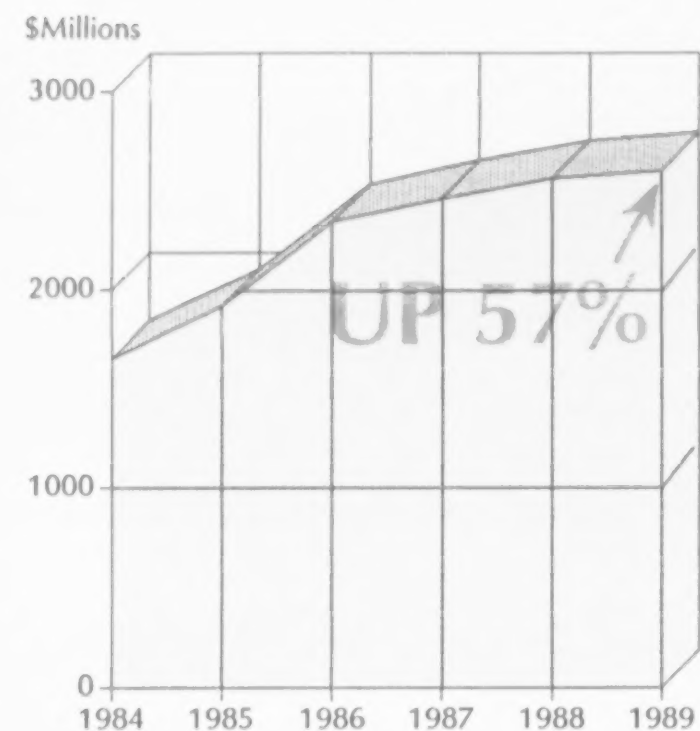
by the company to *Dun & Bradstreet*. And sales per store rose an equally impressive 59 percent over this period to \$1.6 million.

Membership expands

In an era when the number of independent building materials and hardlines dealers has been shrinking, these buying groups have done well not only sustaining their membership, but adding to it. For some, that has meant forming alliances with other distributors or groups, as recently happened when CBS agreed to supply building products to dealers affiliated with Sentry Hardware.

Perhaps most remarkable in this area has been BMA, formerly known as Builder Marts of America, which has experienced erratic sales over the past five years, but has maintained its dealer count throughout. Despite a 15 percent decline in overall sales in

Total Building Materials Co-ops Sales



Total Sales % Change 1984-1989	
LMC	87.6
BMA	-14.7
CBS	150.0
ENAP	99.1
ALLIED	27.1
PHILA.	95.0
PAL	105.7
IBSA	51.5

1984 sales for Philadelphia is an estimate

Company	1984 Sales (\$Millions)	1989 Sales (\$Millions)	% Change		
LMC	548	996,364	1,028	1,581,538	58.7
BMA	498	366,446	425	222,513	- 39.3
CBS	122	305,000	305	559,633	83.5
ENAP	113	982,609	225	1,097,561	11.7
ALLIED	140	933,333	178	1,133,758	21.5
PHILADELPHIA	80	449,438	156	800,000	78.0
PAL	87	494,318	179	832,558	68.4
IBSA	68	800,000	103	895,652	12.0
1984 Sales for All Stations	1,605,110	2,509,202	1,549,802	3,030,802	36.3
1984 sales for Philadelphia is an estimate					

1984 sales for Philadelphia is an estimate

this period, BMA has seen its membership increase almost 41 percent.

And the company, as noted in the accompanying chart, has been expanding its services to dealers. However, it appears BMA has given up on its quest to merge its operations with CoastAmerica, the hardlines franchiser owned by Am-dura in Denver.

Office help grows

With the exception of Allied Building Stores, which has a

65,000-square-foot warehouse, and Philadelphia Reserve Supply, which has a facility for roofing, gypsum, insulation and lumber, the other building products buying groups are office wholesalers.

However, a measure of their growth in recent years can be gleaned from the additions these companies have made to their office staffs since 1984. BMA has more than doubled its office employees and LMC's has grown to 190 from 110.

LMC posts less than 1 percent gain in sales

Like the caravans of grain that flowed from eastern farmers to help drought-stricken western farms, a caravan of lumber from Minnesota members of Lumbermen's Merchandising Corp. (LMC) flowed down to battered South Carolina dealers affected by last year's Hurricane Hugo.

Altruism aside, the nation's largest lumber and building materials co-op had a tough year. Wayne, Pa.-based Lumbermen's posted less than a percentage point gain in sales for the fiscal year. At its Feb-

ruary 1990 dealer/owner meeting, there was discussion of cost cutting at the headquarters here if sales don't improve.

One explanation for the 1989 slowdown, compared to a 10 percent increase in 1987-1988 sales, was Lumbermen's high concentration of dealers in the economically depressed New England and Mid-Atlantic states.

Another reason was LMC's conservative policies, particularly of not making block buys without having dealer orders in hand. In a year when lumber and plywood prices shot up, LMC dealers missed some low buys in a rising market. Other dealer-owned co-ops such as BMA, Cotter and Ace

often take more speculative positions in the lumber or building materials markets and then sell them off to dealers.

Rumors continue that LMC seeks a western expansion to its six regions. But any additions west of the Mississippi River to this exclusive \$1 billion club of just 263 members will be done slowly, probably concentrating on just one state at a time.

Last year was a year of cross-training at LMC's headquarters. Dealers reported a number of position shifts last year. However, there was little turnover.

LMC president William Van Lanen declined to be interviewed for this story.

BMA[®]

The Power of Teamwork.[™]

BMA eyes remodeling market to increase profits

The harsh realities of the marketplace led BMA, formerly known as Builder Marts of America, to look inward during the past year.

Coming off a difficult sales

year in 1988, the Greenville, S.C.-based dealer services organization last April formed a R&D unit to explore ways of increasing dealer profits. The outcome: an array of programs to help capture the booming repair and remodeling market.

In the midst of this, BMA introduced its "Advantage" (Continued on page 42)

◆DISTRIBUTOR CENSUS◆

BUILDING MATERIALS WHOLESALERS

BMA's marketing programs lift ailing sales

(Continued from page 40)

marketing program and signed with two new suppliers—Georgia-Pacific and GAF Building Materials. These helped boost 1989 sales by 10 percent, said president Paul Dodge.

Among the fruits of R&D's labor is a turnkey remodeling store called "Living Spaces," which was unveiled last month in Charlotte, N.C. This test unit, owned and operated by BMA, will be evaluated over several months before being rolled out.

By the end of last year BMA had held 15 dealer forums to explain its installed sales and "preferred contractor" programs to dealers, who number 1,900 throughout the continental U.S.

Both programs are aimed at increasing business with local contractors. Part of that involves referring them to



Paul Dodge
president

homeowner customers who seek to complete a new kitchen, bath or other project.

"The remodeling contractor shops everywhere because he's welcome nowhere," said Bill Olsen, BMA's R&D manager. "We want to change that."

BMA is urging dealers to provide contractors with such conveniences as temporary office space and weekly invoicing, preferred over monthly billing by most contractors because it helps them keep bet-

ter records.

At the same time, Olsen stresses precautions to guard against payment problems with contractors and liability that could result from referrals. BMA has a 23-point questionnaire that allows dealers to evaluate contractors' backgrounds.

Describing the pitfalls of doing business with contractors, he said 50 percent of them are out of business within a year of starting, while 95 percent fail in five years.

Dodge said BMA will see a "modest" sales increase this year. He expects big increases to result from the company's new thrust as early as next year. "We're definitely in a building process now," he said.

Strong sales push helps Central Builders boost sales

It was a good year for Central Builders Supply, as the 545-member building

materials buying group, based in Sturgis, Mich., boosted its sales by nearly 9 percent.

Part of that growth is attributable to a strong sales push, according to Bret Pobanz, president of CBS. "There's not as many customers out there as in the past, but we're still finding dealers that don't belong to a buying group," Pobanz said.

CBS operates in 45 states and gets around 80 percent of its sales from home centers, and 80 percent of its volume is from the sale of lumber, roofing, gypsum and insulation.

Pobanz said, however, that because housing starts are projected to be lower in coming years, CBS is looking to reduce the number of product offerings and to "thin out" the number of vendors it uses.

"It'll certainly be less than in the boom-boom years of the '70s," he said. "Back then, it was standard procedure to add anyone and everyone" who had something to sell.

Now Pobanz will be cutting out the redundancies and concentrating on its high-dollar-volume suppliers.

Pobanz is predicting another good year in 1990, with projected sales of \$330 million. And in January, CBS signed on to sell building materials to Sentry Hardware, the wholesaler marketing group.

CBS also designed a new logo. Some of its retail members operate under the name



Allied Building Centers, but because most people doing business with the buying group know it as CBS, Pobanz said it was better to have a logo reflecting that.

But CBS will not do away with the Allied name. Pobanz reported that CBS is looking to start a store redesign program later this year which would go under the Allied name.

◆DISTRIBUTOR CENSUS◆

BUILDING MATERIALS WHOLESALERS

ENAP vows to 'go back to basics' after rough year

It was a tough year in the Northeast, and the New Windsor, N.Y., building materials buying group ENAP suffered along with everyone else.

ENAP's sales slipped 10 percent in 1989, going from \$250 million in 1988 to \$225 million last year.

But president Bill Sherry reports that despite the sales slump, profits were "much better" for the co-op. "We'd be happy to do these numbers again this year," Sherry added.

To cope with the downturn in the Northeast economy, Sherry wants to make sure that all members are aware of and using ENAP's programs.

"We're going back to basics," he said. "We'll have to work harder and smarter." One of these basics is the strength-in-numbers of such an organization, allowing greater purchasing clout for

dealer-members, Sherry said.

And last year was not all bad news for ENAP. It increased its dealer-member base, from 185 to 205, and boosted its percentage of sales from home center dealers from 70 percent to 85 percent. ENAP reported 180 home centers among its dealer base.

Sherry reports that the first quarter of 1990 was a continuation of the falloff in business last year, especially in the fourth quarter, although some ENAP members did see a slight pickup in business in March.

"I expect most of 1990 to be like the first quarter," Sherry said. "There's going to be business out there, but it'll be hard to split it up among everyone who's out there who wants it."

PAL bounces back from membership slump; profits up

Progressive Affiliated Lumbermen (PAL) rebounded from last year's drop in membership,

adding seven dealers and bringing its total to 215. Revenue in 1989 increased by 6 percent to \$179 million, and profits were up between 8 percent and 9 percent, according to the company's president Bill Danzig.

The Grand Rapids, Mich., co-op's boost in members was primarily due to the efforts of Duke Boogaard, a full-time membership recruiter hired late in 1989.

"Since December, Duke has signed 15 new members, representing some \$2 million in additional revenue as of April," Danzig notes with pride.

Since coming to PAL, Boogaard has been working with Danzig to beef up the co-op's new member orientation program. The PAL chief executive explains that Boogaard brings the new conscripts into the home office to acclimate them to PAL's products and services.

"They find it to be a real help, to be able to meet firsthand with the traders and ven-

dors they'll be dealing with," says Danzig.

Although the revenue gain for 1989 was four percentage points shy of target, Danzig is confident that sales in 1990 will reach as high as \$204 million, thanks to Boogaard's efforts.

Allied continues to ring up record-breaking sales

Allied Building Stores continued to register record-breaking sales, and last year revenues from 157 dealers rose 6 percent to \$178 million.

Allied's members are located in Arkansas, Louisiana, Mississippi, Oklahoma, Kansas and Texas, the so-called "Oil Patch region."

President Laddie Woods attributes some of the Monroe, La.-based co-op's financial improvement to a resurgence of the region's economy. "We're seeing a market that's actually fun to sell to again, and that's

something of a relief after the experiences we've had in the last five years," says Woods. "Our customers are buying more from us because they feel more comfortable about selling through to consumers."

In 1989, Allied members contributed a total of \$1 million to start an internal quality insurance program. It provides workman's compensation, fleet coverage, and general comprehensive liability.

Woods says that establishment of the insurance plan has been one of the co-op's goals since before he joined them. "Part of our core business has always been to find ways to provide products and services to our dealers in a way that would save them money," Woods explains.

"This insurance program gives our members the coverage they need and poses no risk to their operating capital."

This year, Allied is operating a new flat-bed distribution program to speed the restock
(Continued on page 44)

**Gemini Industries
is proud to announce
that on April 6, 1990
we received approval from the
Federal Communications Commission
to manufacture and sell the
VIDEOCASTER,TM
America's first Wireless
Home Broadcasting System.**

GEMINI

◆DISTRIBUTOR CENSUS◆

BUILDING MATERIALS WHOLESALERS

(Continued from page 43)
process. Allied provides some 25,000 skus of product to dealers, mostly through direct shipments. About 9 percent of their sales volume comes from the co-op's 65,000-square-foot distribution center.

The flat beds will deliver plywood, clear pine and spruce boards, and laminated beams. Woods expects the trucks to cut lead time to less than five days.

Regional downspin hits Philadelphia Reserve Supply

Philadelphia Reserve Supply, based in Croydon, Pa., suffered from the regional downturn in 1989, as sales fell nearly 9 percent to \$156 million.

"The whole market is in a downspin," said Charles Gormley, the buying group's

credit manager. "Sales so far in 1990 are below what we budgeted for."

Presco, as it is known, is situated in Eastern Pennsylvania and draws most of its membership from within a 50-mile radius covering four states. Last year it added nine members, bringing its total membership to 198.

Lumber and building materials continued to account for 90 percent of the company's

sales, and unlike other co-ops which rely on direct shipment, Philadelphia Reserve can supply lumber, insulation, gypsum, roofing and paneling on a fill-in basis from its own warehouse.

This year, Presco will focus on the changes taking place in the industry and try to be as adaptable as possible, according to Sandra Spadaccino, assistant general manager. "We're looking at the new en-

gineered wood products, which may be needed given the log and timber shortages," she said.

The company is currently testing its "Presco link," a computer software package, with several of its members. This is IBM compatible and allows the member to access inventory and pricing 24 hours a day. It hopes to have Presco link available for its entire membership within the next three months.

Its members, drawn primarily from independent retail and contractor yards, have yet to begun demanding UPC coding.

Spadaccino is optimistic that the company will have a stronger second half of the year and predicts year-end sales will be similar to that of 1989.

'89 a strong year for Independent Builders Supply

Smithfield, N.C.-based Independent Builders Supply Association (IBSA) seemed to defy gravity last year, registering an impressive 18 percent sales gain in 1989.

The 115-member building materials buying group, which operates in the Carolinas, Virginia and eastern Tennessee, also defied the fourth quarter slowdown that many other companies suffered, posting 1989 sales of \$103 million, up from \$87 million in 1988, according to executive vice president Robert Matthews.

He attributes the strong showing to several factors, chief among them the effort to sign on new members. IBSA gained 11 members in 1989, and Matthews said the executive committee of IBSA, along with all dealer-members, are constantly on the lookout for prospects.

"We tell them [current members] that by helping their friends, they're helping themselves," Matthews said. "We get a good portion of our members from referrals."

Matthews also attributed 1989's growth to taking on new product lines—85 percent of IBSA's sales are lumber and building materials, the rest hardlines—and on a new program with Georgia-Pacific that allows IBSA to make less-than-truckload and full-truckload purchases.

Matthews expects 1990 to be another strong growth year for IBSA, despite talk of a slowdown in the industry. "Business might not be as good as it's been, but it's still pretty good," he said.



Deck-Tie CONNECTORS A Complete Connector System for Deck Construction

You'll see more action in your DIY and contractor deck business thanks to Simpson Strong-Tie® Company's new Deck-Tie® products and merchandising package.

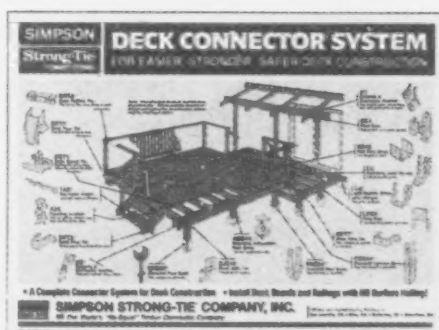
Deck-Tie Connectors are new, patented products and include the DBT1 Deck Board Tie for fastening deck boards with no surface nailing; the DRT8 Deck Railing Tie, for no-nail hand railings; the DPT5, DPT6, and DPT7 Deck Post Ties, for quick and easy post attachment to decks; and the DJT14 Deck Joist Tie, for secure fastening of 2x joists to posts.

Deck-Ties are part of a complete system of connectors designed for the DIY and contractor market. Backed by full merchandising support, Deck-Ties help you gain more DIY sales and profits.



Window Banner

Consumer Brochure



Deck Call Out Back Card



Gondola Back Card



Demonstration Model

P.O.P. Card in Display

DRT8 Box

FULL MERCHANDISING SUPPORT:

- Demonstration Model shows actual installation of DBT1 connectors.
- 4-color consumer brochure illustrates complete Deck-Tie system.
- Bright 4-color packaging with instructions and UPC coding.
- Multicolor POP cards for shelf or rack.
- 4-color back cards for carton and mid-aisle displays.
- Free-standing wire displays in two sizes.
- Product use display cards show applications.
- Colorful display header cards for low-profile gondolas.
- Newspaper advertising materials.
- 4-color Deck Headquarters window banner.
- 4-color deck display header card with 19 connector call-outs.



SIMPSON STRONG-TIE® COMPANY, INC.

The World's "No-Equal" Timber Connector Company
1450 Doolittle Drive, San Leandro, CA 94577
1425 Moonstone Street, Brea, CA 92621
1720 Couch Drive, McKinney, TX 75069
2200 Westbelt Drive, Columbus, OH 43228

Circle 32 on Reader Service Card

◆ DISTRIBUTOR CENSUS ◆

WHOLESALE MARKETING GROUPS

Rank '89	Rank '88	Company Name	Total Sales \$ Millions			Number of Wholesalers		Affiliated dealers Total customers		% of home centers		Wholesaler Warehouses		Aggregate Inventory (\$mil)		Avg. # of Skus carried		Employees		Advertising Corporate/Wholesaler	
			1989	1988	% Chg.	1989	1988	1989	1988	1989	1988	1989	1988	1989	1988	1989	1988	1989	1988	1989	1988
1	3	Pro Hardware Stamford, Conn.	1,200	1,085	10.6	42	16	5,000/ 21,000	5,000/ 14,000	42	35	51	23	370	125	26,000	24,000	19	17	1.5mil./ 3.6mil.	1.2mil./ 3.3mil.
2	1	Liberty Distributors,* Des Plaines, Ill.	1,060	1,000	6.0	24	27	2,757/ 20,000	2,863/ 20,000	23	25	34	45	143	135	35,000	32,000	52	48	12 mil./ NA	4.5mil./ NA
3	2	Associated Building Materials, Scottsdale, Ariz.	800	800	0.0	51	51	NA/ 30,000	NA	85	85	86	87	79,900	183	NA	NA	2	3	NA	NA
4	4	Sentry Hardware Des Plaines, Ill.	720	720	0.0	13	15	5,700/ 5,700	5,700/ 5,700	35	NA	20	22	150	150	33,000	29,000	23	19	12mil/ NA	10mil./ NA
5	5	Reliable Hardware Wholesalers Arlington Heights, Ill.	600	575	4.3	48	44	NA/ 16,525	0/ 16,525	32	32	49	45	89	89	19,500	19,500	6	6	NA	NA
6	6	Materials Corp. of America, Glenside, Pa.	400	400	0.0	22	25	NA	NA	30	30	35	40	NA	NA	NA	NA	6	6	NA	NA
7	7	ValTest Distributors Chicago	355	325	9.2	42	41	500/ 6,600	1,000/ 6,600	30	19	47	46	46	44	13,500	13,500	10	10	85,000/ 500,000	75,000/ 200,000
8	8	Associated Hardware Buyers, Gainesville, Ga.	180	150	20.0	18	20	NA/ 14,000	NA	20	NA	20	25	NA	NA	NA	NA	NA	4	NA	NA
Totals			5,315	5,055	5.1	218	223					291	310								
Averages			664	632	5.1	31	32			36	27	42	44								

*Figures do not include CoastAmerica

Marketing groups' members see modest sales growth in 1989

Pro Hardware pursued growth aggressively in 1989, and emerged as the industry's largest wholesaler marketing group.

Pro's sales—i.e., those of its distributor-members—grew by nearly 11 percent, and the group enhanced its market position by merging with Chicago-based Allied Hardware Services in January 1989.

Allied's 30 wholesaler members added more than \$360 million to Pro's total volume. Pro also brought in independent wholesalers CC Distributors, Galbraith Steel and Nuway Distributors. Nuway,

the Baltimore, Md.-based company, is now in Chapter 11.

To accommodate its growth strategy, Pro relocated from Stamford, Conn., into new facilities in Denver.

Modest sales increase

On the whole, distributors belonging to the eight leading marketing groups expanded their 1989 revenues by slightly more than 5 percent to an aggregate \$5.315 billion. "It's amazing when you talk with people who say 'there's life after K mart and Home Depot,'" said one marketing

On the whole, distributors belonging to the eight leading marketing groups expanded their 1989 revenues by slightly more than 5 percent to an aggregate \$5.315 billion.

group official, whose members' sales have grown predominantly by servicing smaller dealers as second and third sources.

Much of the activities

among these groups, though, was focused on the higher profile organizations last year.

For example, despite falling behind Pro Hardware in total sales, Liberty Distributors, the Des Plaines, Ill.-based marketing group, continued its quest to modernize its affiliated dealers' stores.

Liberty debuted its first home center store design for building materials units early last year at Rycenga Building Center in Grand Haven, Mich.

Liberty also purchased the "Golden Rule" store design program from one of its wholesaler members, Emery-Wa-

terhouse, and announced plans to have 500 of these stores in place by the end of 1990, with possibly 1,500 up and running by 1993. Golden Rule is more adaptable to building supply dealers.

Pro tightens reins

The marketing group also expanded its reach when it signed as a member Florida Hardware, the Jacksonville distributor with sales exceeding \$8 million from more than 1,200 retail accounts.

Pro, whose wholesaler membership shot up to 42 from 16 in 1988, appears to be tightening its grip on both its distributors and dealer affiliates. In a meeting with vendors last August, Pro's president Gary Cosgrave said his organization would be demanding stronger commitments from its wholesalers in terms of product buying and program participation.

In return, Pro initiated a nationwide drop-ship program, in which 400 of its salesmen would handle 8,000 vendors. The marketing group also explained its new "Consumer Response Program," commenced in 1990, in which loss leaders and higher margin items would be interspersed in advertising that would run on months when Pro wasn't offering its six national circulars.

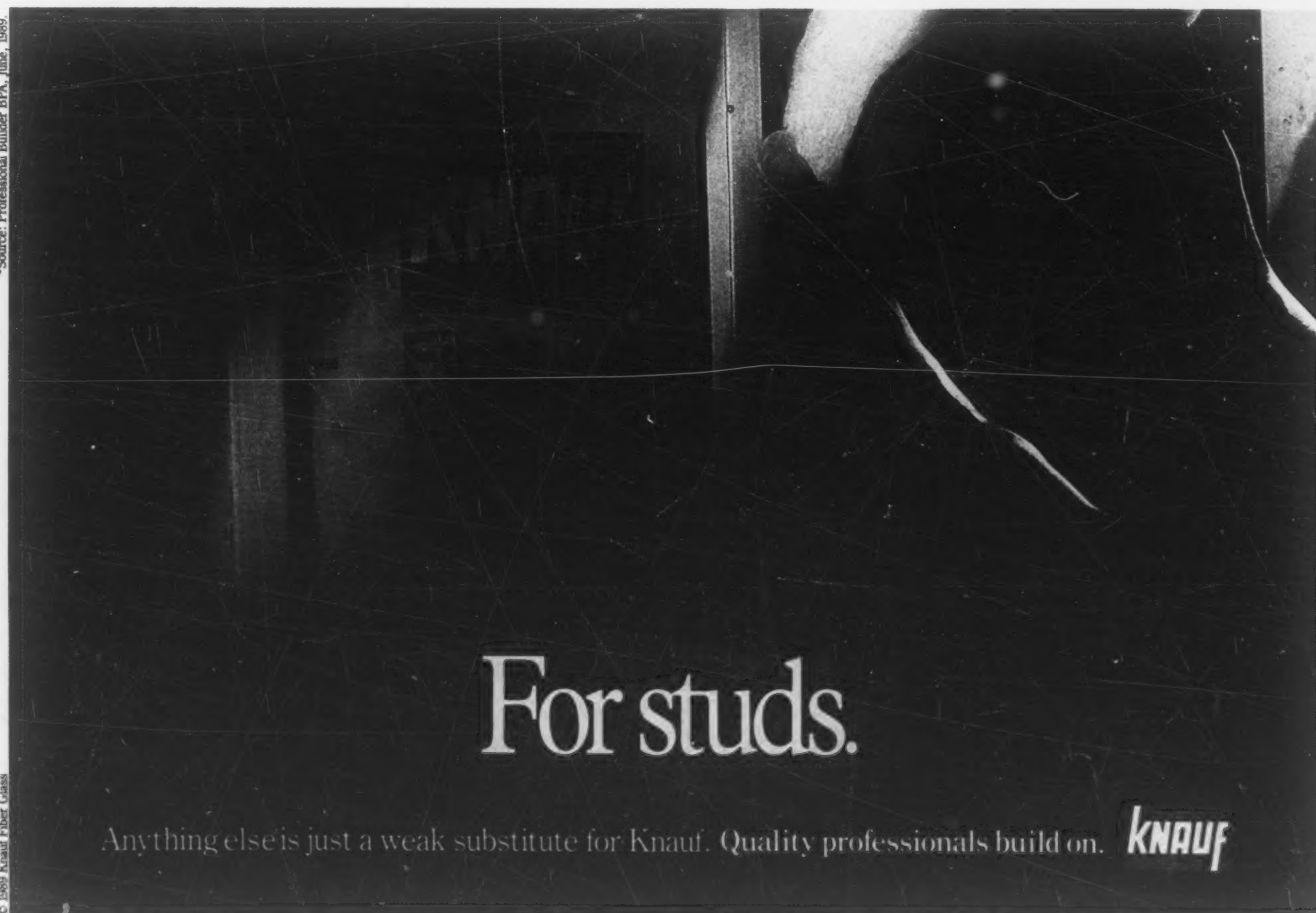
Cosgrave told the vendor audience that his company's move to Denver would allow Pro to buy 30 percent more product.

The larger marketing groups weren't the only ones enjoying success in 1989, though. ValTest, the privately held group based in Chicago, added a new members I.

(Continued on page 52)

*Source: Professional Builder BPA, June, 1989

© 1989 Knauf Fiber Glass



For studs.

Anything else is just a weak substitute for Knauf. Quality professionals build on. **KNAUF**

Over 130,000* remodelers, contractors and builders have seen this ad. Don't get stuck with weak stock, order now.

Circle 35 on Reader Service Card

◆ DISTRIBUTOR CENSUS ◆

HARDLINES WHOLESALERS

Marketing groups' distributor-members expand revenues by 5 percent



Photo courtesy Pro Hardware

Gary Cosgrave
ceo
Pro Hardware

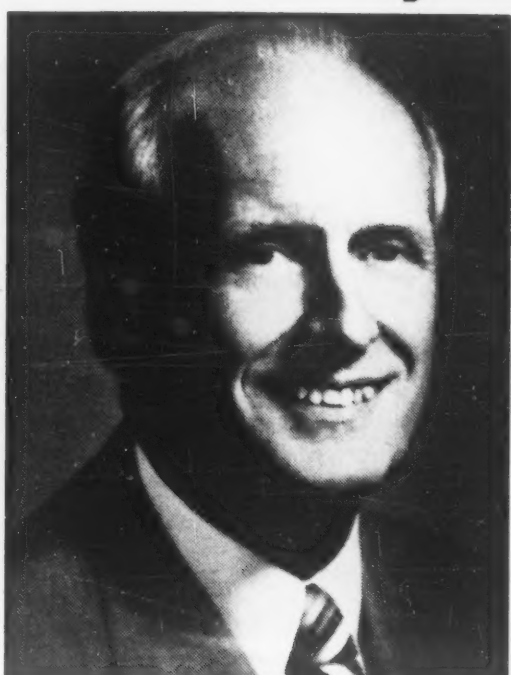


Photo courtesy Liberty Distributors

Bill Hooten
president
Liberty Distributors



NHCN photo

Ron Pink
executive vp
Sentry Hardware

(Continued from page 48)
Schwartz & Sons of White Plains, N.Y., and States Supply in Chicago, and boosted its sales by more than 9 percent to \$355 million.

In addition, 30 percent of ValTest's total retail customers are now home centers—including new business from the likes of HomeClub, Meeks Building Centers and Builders Emporium—compared to 19 percent in 1988. "Our members are investing more of their own dollars in home center retailers," said ValTest's president Russ Meeks.

Associated Hardware Buyers in Gainesville, Ga., declined by two in membership

to 18, but still was able to increase its overall volume by 20 percent to \$180M, primarily through what one company official called "niche selling."

Sentry seeks to rebound

Over the past six months, according to published re-

ports, Associated has added a total of 15 new product lines, and a company official told NHCN that the group has expanded its product assortment in such areas as plumbing and electricals, millwork and hand tools.

Sentry Hardware, also in

Des Plaines, had probably the rockiest ride of any marketing group last year, as one of its members, Zork Hardware, decided to close its doors, and another, Southwest Hardware, sold its assets to Sentry member California Hardware as part of the ongoing reorganization of the O'Malley Cos.

Nevertheless, 1989 sales from Sentry's remaining 13 distributor members matched the 1988 total of \$720 million. And a number of its members told NHCN of the success of the group's "Store of Tomorrow" design program for retailers. Indiana-based S&T Wholesale Hardware in particular "has more business

'Our members are investing more of their own dollars in home center retailers.'

—Russ Meeks,
president,
ValTest

than we can handle" converting dealers to the concept, said its president Charles O'Neill.

Sentry, in fact, has been off to a flying start for 1990. The Strober Organization contracted with Sentry in January to service three of its stores. And Central Builders Supply, the commodities broker based in Sturgis, Mich., has begun supplying commodities to Sentry-affiliated dealers. ◆

Idaho independent follows Liberty's 'Golden Rule'

By an NHCN staff editor

COEUR D'ALENE, Idaho — With all sorts of rumors about who was or wasn't moving into the market, Atlas Building Center decided to remodel and "keep ahead of the competition."

Atlas, a single-unit yard that has served a predominantly contractor crowd for the last 55 years, ushered in its DIY emphasis April 18th with the unveiling of the west's first dealer to employ Liberty Distributors' "Golden Rule" store design concept.

The store's new look and mix within its existing 16,000-square-foot showroom area were designed to boost Atlas' sales to \$14 million from \$7 million by 1992, according to Jim English, executive vp of Atlas' parent company.

English expects the DIY side to double from the current 25 percent of sales, while increasing outside sales to contractors.

Atlas has two main competitors—a unit of Ziegler's, a down-and-dirty commodities chain and, on the hardware side, a local Pay 'N Pak.

Grand opening day featured sales and promotion circulars to more than 20,000 households in the area and cable television spots 30 times a day.

English said the seven-month process of changing the store went beyond ordering new lines and gondolas. Since September, English and store managers visited 100 home centers and hardware stores in California, Oregon and Minnesota to finalize a concept.

They favored the Golden Rule program, offered by Liberty member Jensen-Byrd Co., the hardlines wholesaler based in Spokane, Wash., over the design that Atlas' longtime hardware co-op could provide.

"We had to decide between the concept of a hardware store versus a home improvement center image," explained English, vp at Idaho Forest Industries in Coeur D'Alene, Idaho.

The physical change took just over a month. The showroom was converted from "a large area" to a circular oriented traffic flow. Hardware, plumbing and electricals were featured, and flooring, carpeting and home decor products were added. The company increased its stockkeeping units by 33 percent.

English estimated the remodeling and remerchandising costs at \$150,000. ◆



*Source: Professional Builder BPA, June, 1989

© 1989 Knauf Fiber Glass



Another job well done.

The unsurpassed quality of Knauf will never let you down. Quality professionals build on.

KNAUF

Over 130,000* remodelers, contractors and builders have seen this ad. Stock up so they can get the job done.

Circle 38 on Reader Service Card

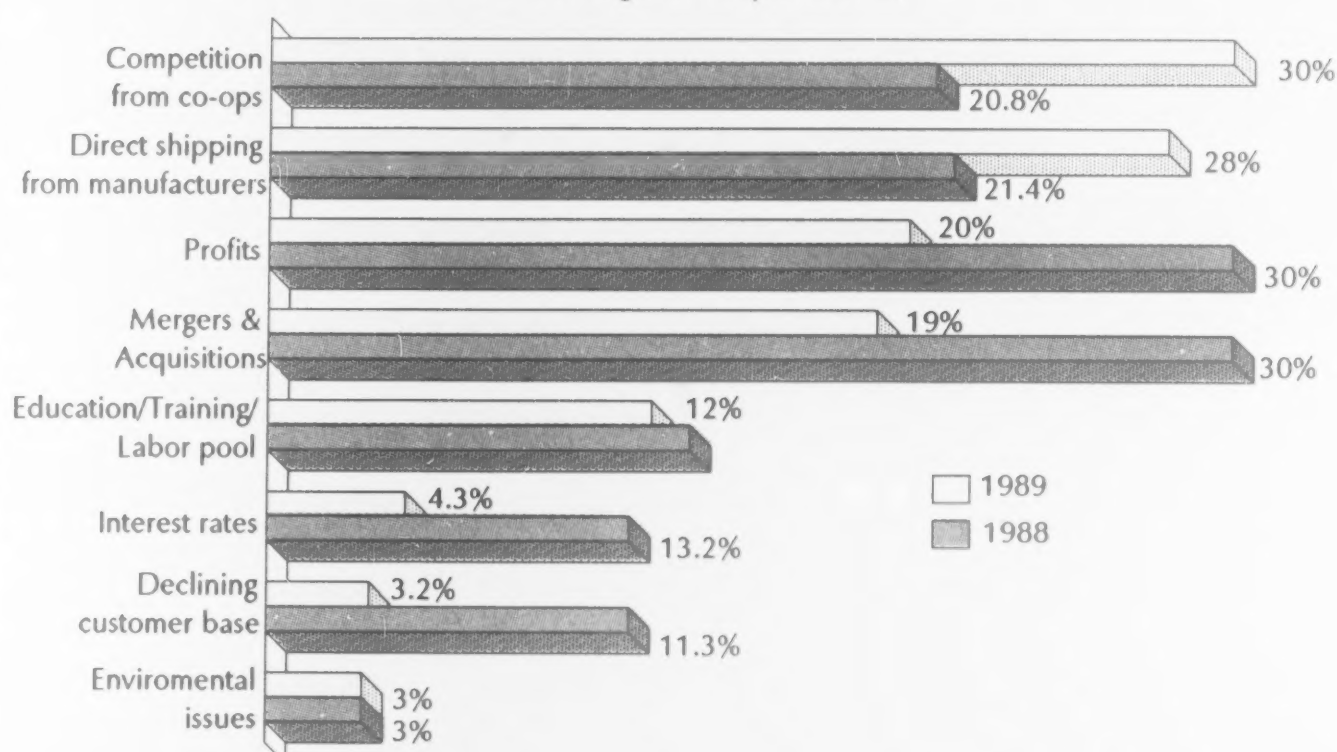
◆ DISTRIBUTOR CENSUS ◆
BUILDING MATERIALS WHOLESALERS

NBMDA Survey

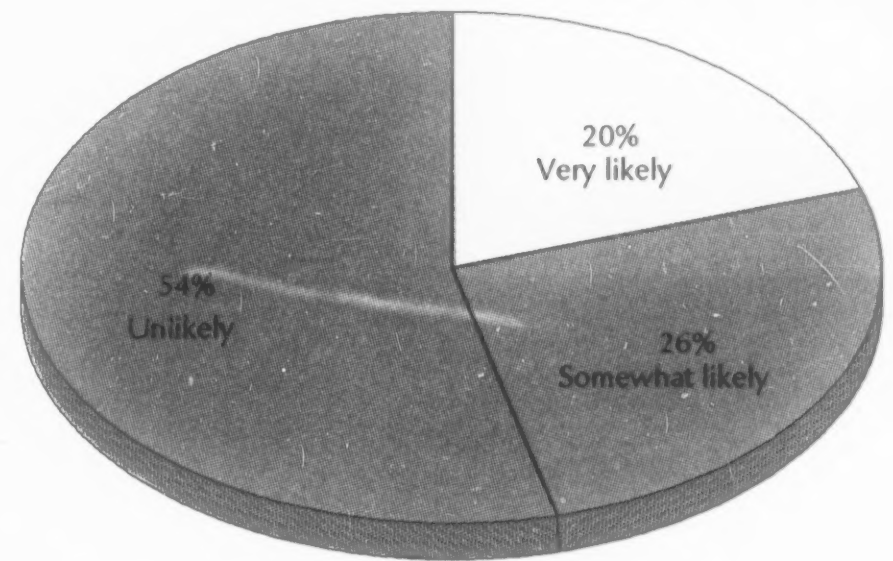
Hardlines, commodities co-ops take a bigger slice of the pie

Question: What are the key issues facing building products distributors?

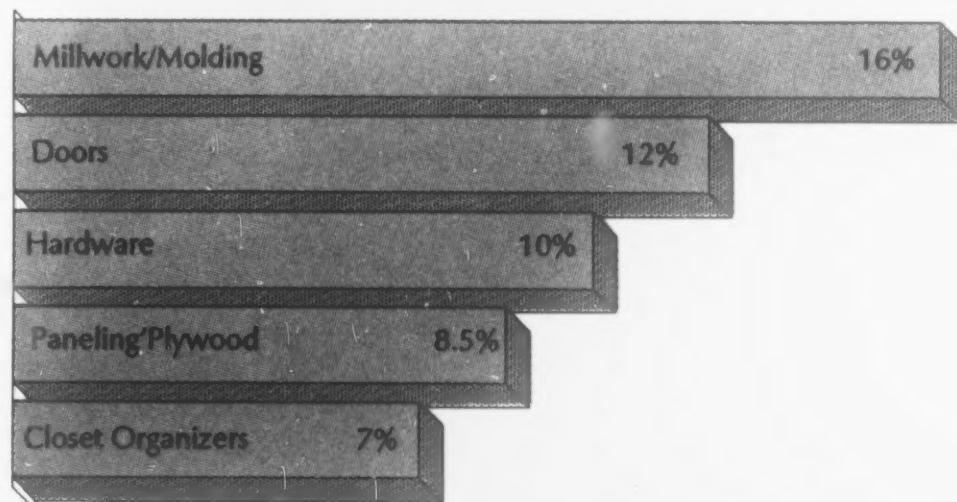
(Percentage of respondents)



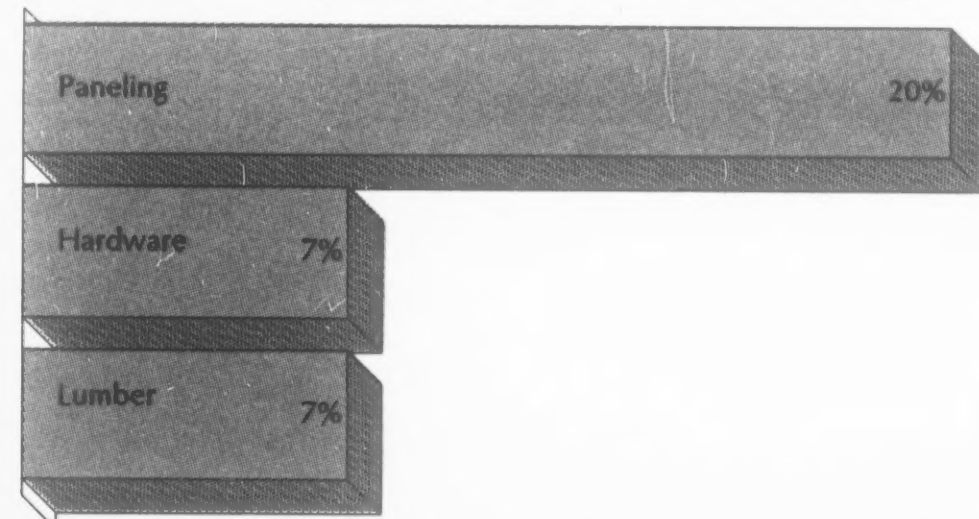
Question: How likely is it that your company would be part of an acquisition within 2 years?



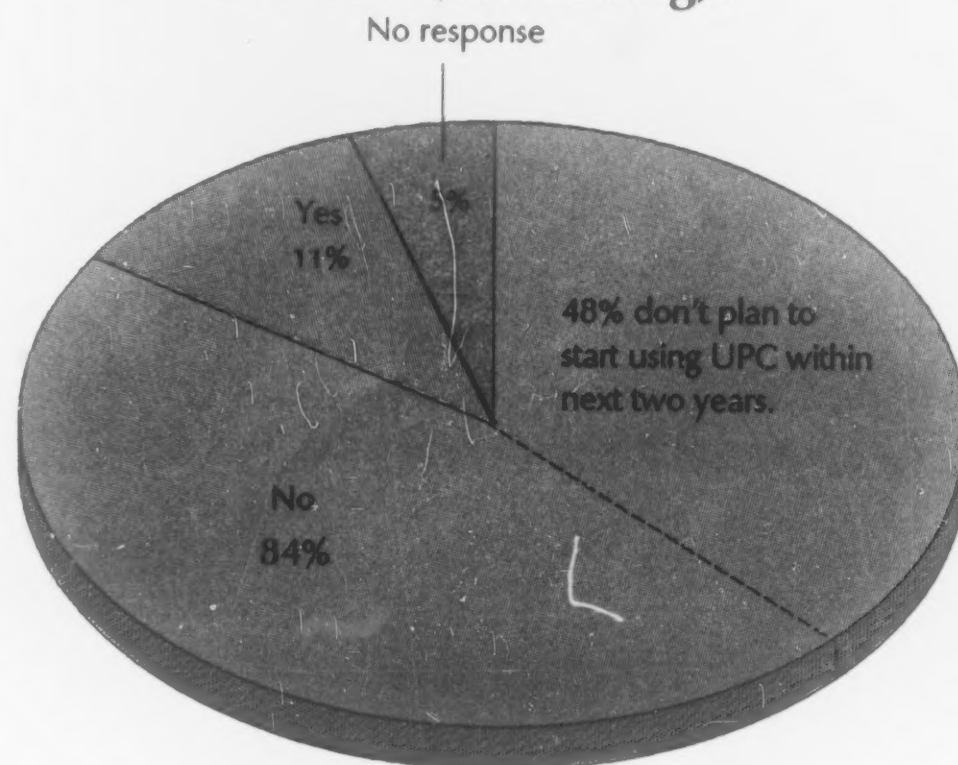
Product Categories Added to Inventory



Product Categories Deleted from Inventory



Does your company currently use UPC (bar coding)?



Source: National Building Material Distributors Association

NHCN charts

The independent distributor has become the last man on the totem pole.

That's the view of themselves many building materials wholesalers now take, as they see hardlines and commodities co-ops and buying groups gobbling up more dealer business; and more manufacturers falling over each other trying to catch the co-ops' eye with year-end rebates and other special privileges.

The distributors also blame vendors' willingness to ship direct to dealers as a contributing component to the erosion in customer and supplier loyalty.

"What can you do for me this quarter?" is the common refrain from suppliers, says one wholesaler.

These were some of the opinions voiced by wholesalers responding to an exclusive survey conducted last month for *National Home Center News* by the National Building Material Distributors Association (NBMDA).

Out of the 250 questionnaires mailed, 94 wholesalers responded, according to Robert Paterkiewicz, the association's director of communications.

Rebates and co-ops

The issue of wholesalers receiving discounts
(Continued on page 56)

◆ DISTRIBUTOR CENSUS ◆

BUILDING MATERIALS WHOLESALERS

Manufacturers woo hardlines and commodities co-ops with rebates

(Continued from page 54)
from vendors is now under review in the Supreme Court with the *Hasbrouck v. Texaco* case. And one in five respondents to the NBMDA survey cited this case as the piece of national legislation most likely to have the greatest impact on their business.

The plaintiffs are two gasoline retailers who maintain that Texaco violated the Robinson-Patman Act when it sold to wholesaler distributors at lower prices than it offered the retailers. The retailers buy direct and compete with the wholesaler's retail customers.

A ruling is expected within the year.

Rebates notwithstanding, building materials wholesalers remain optimistic about their future. Nearly two out of every three expect manufacturers' reliance on wholesalers to increase in the future.

As for the competitive

tive prices.

Avoiding the future

Given the trend towards more services and speedier

transactions, it is surprising that few of the companies surveyed are showing interest in up-to-date technology.

Less than one in nine of

those polled are using any kind of bar coding on the products they ship. Of the remainder, only 48 percent expect to employ bar coding within the

next two years.

Even more pronounced is the lack of interest in Electronic Data Interchange
(Continued on page 57)

Rebates notwithstanding, building materials wholesalers remain optimistic about their future. Nearly two out of every three expect manufacturers' reliance on wholesalers to increase in the future.

threat from the co-ops, it's more than a bit ironic that many building materials distributors have even strengthened their relationship with buying groups by picking up some of the business opportunities made available by Weyerhaeuser closing 13 of its DCs.

Some feel jilted

The diversity of their businesses led to varying responses from distributors about their relations with suppliers.

On one hand, several mentioned the emergence of a partnership and said suppliers were more "frank and understanding of their needs."

Others, however, complained of "manufacturers' duplicity" and that "personal contact was disappearing." One wholesaler echoed many others when he said that suppliers are "abandoning the people who brought them to the party."

At the same time distributors are wrestling with increased demands from their retail customers who want "lower back orders and higher fill rates" but still at competi-

UNFORTUNATELY HIDE A CHEAP WINDOW

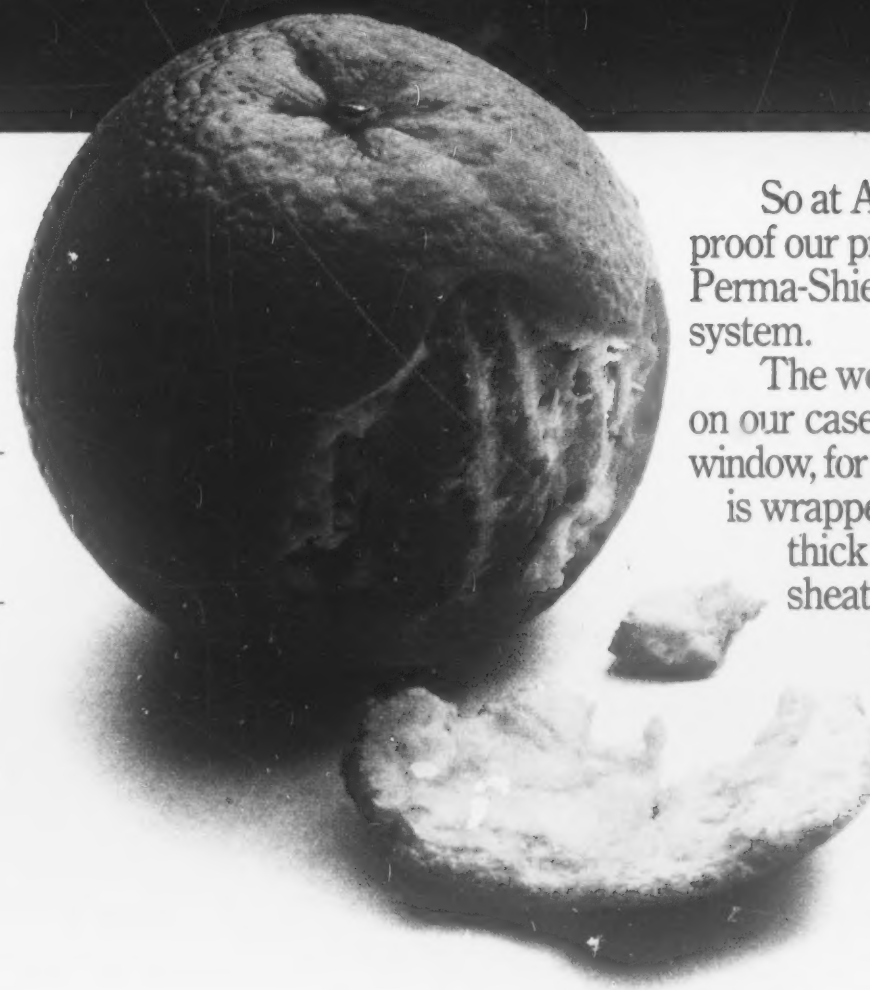


Selling cheap windows not only makes homes look bad, it doesn't make you look very good, either.

So look to Andersen® windows instead. The way we make them, you'll have nothing to hide.

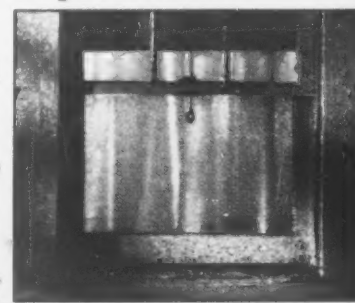
ALL-AROUND WEATHER PROTECTION.

Every window you sell should have a system that keeps moisture out. Moisture is a window's biggest enemy. It causes paint or varnish to crack or peel and wood to rot.



So at Andersen, we weather-proof our products with our exclusive Perma-Shield® exterior protection system.

The wood sash on our casement window, for instance, is wrapped in a thick vinyl sheath. Water



doesn't get in because the vinyl completely covers the wood like a peel covers an orange.

And Perma-Shield

Circle 41 on Reader Service Card

◆ DISTRIBUTOR CENSUS ◆
BUILDING MATERIALS WHOLESALERS



**NATIONAL
BUILDING
MATERIAL
DISTRIBUTORS
ASSOCIATION**

(Continued from page 56)
(EDI) that connects supplier and dealer electronically. Less than one-quarter of the survey's respondents use any form of EDI. And to communicate their just-in-time inventory requirements, only 9 per-

cent use EDI, with a much higher percentage still using the telephone or the FAX machine.

"The distributors servicing national and regional dealers are the ones out in front on this," explained Stephen El-

linwood, acting president of the NBMDA and president of Building Material Distributors in Galt, Calif. "But there has been relatively little demand for these kinds of services from the local independents and one-steppers who are reluctant to make that kind of investment at this point."

Finding product niches

Many wholesalers are specializing in product lines to fuel their growth and improve their geographical coverage. Within the past year over 16 percent had added millwork and molding, 12 percent doors and 7 percent closet storage organizers.

As they refined their product mix, over 20 percent of the wholesalers had dropped paneling and 7 percent had dropped hardware and lumber.

By concentrating on value-added products like millwork, the wholesalers can better compete with the co-ops.

"Members can offer more hands-on service, training at the local level and deal with manufacturers' warranties with their field salespeople," said Ellinwood.

Industry shrinks

Wholesalers are now accepting consolidation as inevitable in their industry, as 29 percent of those responding were part of an acquisition in the last two years. In fact one fifth of those people interviewed thought it "very likely" that their company would be part of an acquisition within the next two years and 26 percent thought it "somewhat likely."

The prime reasons for such future mergers were better market share and improved geographical coverage. ◆

**Mid-Continent
Cabinetry names
new marketing exec**

By an NHCN staff editor

ST. PAUL, Minn. — John Cashmore has been appointed the director of marketing for Mid-Continent Cabinetry here.

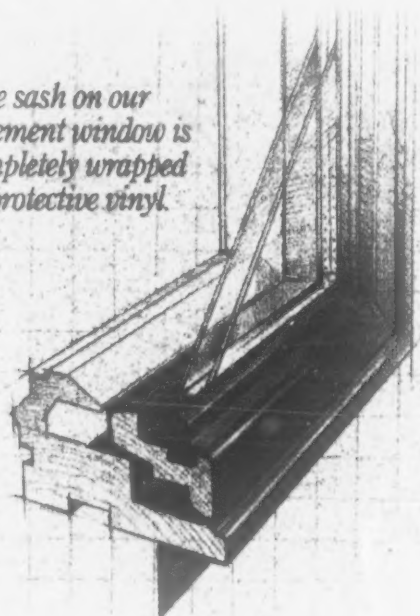
For the last three years, Cashmore, 39, was program manager, outdoor woods, for the Weyerhaeuser Co. Previously, Cashmore was marketing director for Erb Lumber in Birmingham, Mich., and for 10 years held store level management posts at the Massachusetts-based Grossman's chain.

He is a Buffalo, N.Y., native with degrees in forestry and marketing from Syracuse University.

ELY, YOU CAN'T WINDOW FOREVER.

protection won't chip, flake, peel, pit, rust, corrode or blister.

The sash on our casement window is completely wrapped in protective vinyl.



**CHEAP WINDOWS
ARE NO BARGAIN.**

It's no secret that ordinary glass is a poor insulator. That's why our High-Performance glass is anything but ordinary.

It not only controls the flow of radiant heat in and out of a home, it's 33% more energy efficient than ordinary double-pane glass in the heating months. It keeps your customers cooler when it's hot out, warmer when it isn't, while it helps lower their energy bills year round.

For homes in hot sunny climates, we offer Andersen High-Performance Sun insulating glass. It lowers the sun's heat more than two times better than single-pane glass.

So no matter where your customers live, they'll be able to sit comfortably near Andersen

windows in any weather. And they can have more windows without turning their homes into iceboxes or hothouses.

**DON'T SELL WINDOWS
THAT ARE SCARRED FOR LIFE.**

A lot of window companies are fond of using finger joints on their window frames.

It's cheaper than using a single, more expensive piece of wood. And there's nothing wrong with finger joints structurally. But then again, there's nothing all that pretty about them, either.

So if you don't want to offer windows that are full of finger joints, sell Andersen windows. Once an Andersen window or patio door is installed, your customers won't see a single finger joint on the frame, sash or sill.

**NO ONE SHOULD HAVE
TO PLAY GAMES
TO REPLACE A WINDOW.**

The phrase "custom-made" has a nice, quality ring to it. So naturally, "custom" would seem like a good

thing to most of your customers.

Until they have to get that window fixed. It can cost them a lot of time and money to get a special size replacement. And the time won't exactly fly by when they're looking through the piece of plastic they've taped up.

All the more reason you should be recommending Andersen windows from the start.

We make window combinations to fit thousands of openings. They're stocked by more than 2,000 dealers like you. So when you sell Andersen windows, your customers' solution to a problem caused by a hard line drive will be a short quick drive to your store.

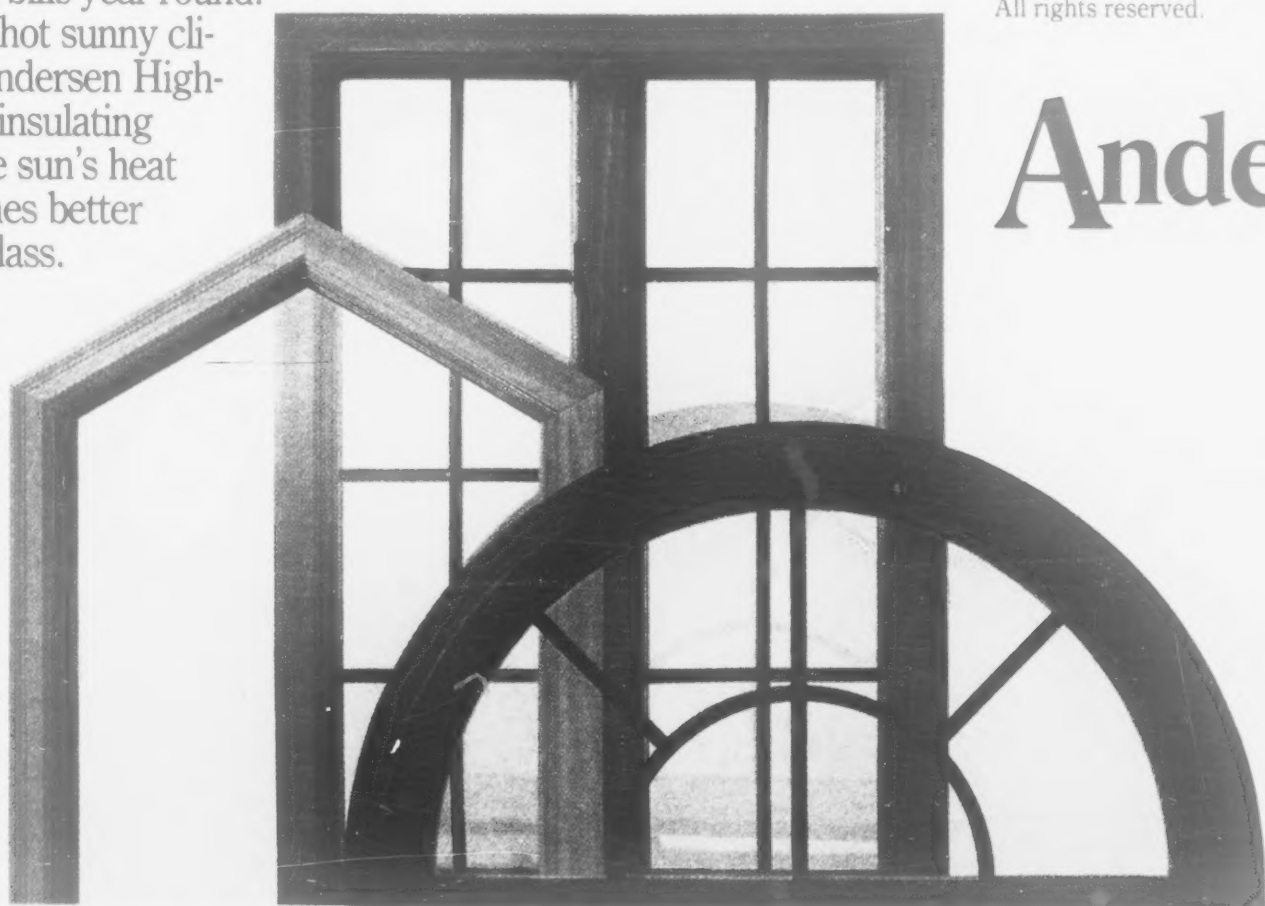
For even more information on Andersen windows and patio doors, write Andersen Corp., Box 12, Bayport, MN 55003. Better yet, visit any Andersen window distributor. They don't have anything to hide, either.

Come home to quality. Come home to Andersen.

0107 Copyright © Andersen Corporation, Inc., 1990. All rights reserved.



Andersen



Lack of timber will lift lumber prices

(Continued from page 1)
costs of raw materials in the west are being passed on to wholesalers and, ultimately, retailers. Since the beginning of April, mill prices for western dimensional lumber have shot up between \$24 and \$40 per 1,000 board feet. Southern mills, hurt by late spring rains and floods, are hiking prices and, according to one retailer, reaching production capacity levels.

Dan Ledermann, vp-purchasing for Olshan Lumber in Houston, noted that while it was unlikely consumers would notice price increases on individual boards like a 2 by 6 by 18, "They'll complain about the bottom line on a package" for a deck or garage.

Olshan, which did an estimated \$25 million in sales last year, is passing on the mill in-

creases to its customers, Ledermann said. This has hampered the dealer's competitiveness, as Olshan would usually be forced to raise prices to sustain profits before Home Depot, Builders Square or Payless Cashways.

Hill-Behan, a major contractor-oriented chain servicing the Midwest and Gulf Coast, like most dealers will intensify its shopping efforts by going with the best deal from either mills or wholesalers. Tom Behan, vp and senior lumber buyer based at the chain's St. Louis headquarters, took some solace in the fact that recent price hikes have been nowhere near the escalation for panels following last year's Hurricane Hugo.

Mills shutting down

For now, mills and distribu-

tors have cushioned their customers by absorbing some of the lumber price increases.

"Everyone is eating the increases," said Bill Kenny, spokesman for Omak Wood Products, a \$72 million, employee-owned mill outside of Spokane, Wash. "People can sell logs at export for more than the finished product here. Some mills with deep pockets can afford to run at a loss. Omak cannot afford to bid [on timber] at a loss."

Mill shutdowns are on the upswing so far this year, according to western trade groups. Unlike "mothball" closures in the 1970s and up to 1981, the 28 mills closed last year are being sold for surplus rather than reopened later.

Portland, Ore.-based WTD Industries, which operates mills in seven states, in March

announced the closing of three mills in Washington and Oregon and delays in reopening three others. WTD's president Bruce Engel blamed stumpage prices, which rose 20 percent last year, and a bare 8 percent hike in the price of finished lumber at retail.

Louisiana-Pacific will close its Covelo, Wash., sawmill for two months this year, and may shut it down permanently. L-P eliminated shifts from two other mills due to a decline in the amount of federal timber.

Some want halt in exports

Weyerhaeuser will cut two of four lines in its Klamath Falls operation (NHCN, April 23) because of the lack of large diameter logs. Suits by environmental groups have tied up federal timber—larger diameter logs—sales over the fate of the northern spotted owl.

Fears that the owl may reach the "threatened," and therefore protected, status are said to be behind boosts in lumber and panel prices.

The owl news caused a \$9 hike in framing lumber's FOB mill prices. Southeastern mills

followed suit with hikes, *Random Lengths* reported. Northwest mills are already experiencing problems as log decks (inventories) remain low and timber supplies remain tight.

Robert M. Freimark, assistant regional director for the Wilderness Society in Oregon, said regardless of the owl and Japanese exports, the timber industry "is in transition," and 32,000 jobs will be lost because mills are being automated.

His organization, a litigant in suits against timber sales in Oregon, seeks to have "federal lands provide for 'amenities' that private sector lands do not provide," such as recreation and tourism.

Freimark seeks to shift dependence on timber from federal lands and onto private lands. He added any timber shortage could be solved by halting exports of U.S. logs.

Some lumber organizations, such as the National Lumber and Building Material Dealers Association, favor such a ban on state and federal lands. The National Forest Products Association so far has not made its sentiments public. ♦

Index of Companies in This Issue

ABC Supply	17	Florida Hardware	48	Philadelphia Reserve Supply	40,44
Ace Hardware	3,9,24,25,40	Foxworth-Galbraith	3	Plumb Qwik	60
Acoustalite Supply	15	Frederick Trading Co.	16	Plumb Shop	59
Addington-Beaman Lumber	3	Freud Inc.	58	Ply-Gem Industries	15
Allied Building Centers	40,42,43,44	Fries, Beall & Sharp	14	Plywood Supply	15
Allied Hardware	48	Furman Lumber	4	Presco	44
Amclura	1,9,10,14,28,40	GAF Building Materials	42	Price Pfister	62
American Hoist	10	Galbraith Steel	48	PrimeSource	15
Andersen	4	Gambles	28	Pro Hardware	30,48
Arcata Planing & Dry Kiln	15	General Building Products	4	Progressive Affiliated Lumbermen	40,43
Associated Hardware Buyers	52	General Hardware	16	Quality Wholesale Building Products	15
Astorga Lumber	3	Georgia-Pacific	10,15,42,44,62	R.D. Werner	58
Atlas Building Center	52	Globe Distribution	9,28	RKB Enterprises	14
A. W. Hastings	17	Grip Rite	15	Rycenga Building Center	48
Bacar Inc.	14	Grossman's	57	Sater	62
Baumann Brothers	14	Guardian Purchasing	15	Schultz, Snyder & Steele Lumber	15
B-Dry System	60	Handy Hardware	30	Schwartz & Sons	52
Ben Franklin Stores	30	Hardlines Marketing Co.	16	Sears	28
Benco Building Supply	15	Hardware Hank	28	Sentry Hardware	40,42,52
Blackstone Supply	16	Hardware Wholesalers Inc.	1,3,17,24,25	Sequoia Supply	15
Blish-Mize	14	Highland American	4	ServiStar	1,3,9,24,25
Bloch Lumber	17	Hill-Behan	65	Seven D Wholesale	15
Bostwick-Braun	16	Home Depot	15,48,65	Sherwin-Williams	25
Bowman Lumber	3	HomeClub	52	Sinkmaster	58
Builder Marts of America	1,40,66	Honsador	14,16	Snively Forest Products	15,17
Builders Emporium	52	House-Hasson Hardware	14,16	Somerville Lumber	15
Builders Square	15,65	Huttig Sash & Door	17	South States	14,16
Building Material Distributors	57	Idaho Forest Industries	52	Southern Exteriors and Interiors	3
Bunzl Building Supply	15	Independent Builders Supply	40,44	Southwest Hardware	14,52
Caldor	28	Jay-K Independent Lumber	2,62	S&T Wholesale Hardware	14,52
California Hardware	14,52	Jensen-Byrd	52	Stanley Tools	62
Cameron Wholesale	17	K mart	48	States Supply	52
Canfor Corp.	17	Liberty Distributors	9,48,52	Strober Organization	52
Carolina Builders Corporation	3	Louisiana-Pacific	4,65	Target	9
Carolina Components	3	Lowe's	2,17	Therma-Tru	4
CC Distributors	16,48	Lumbermen's Merchandising Corp.	40	3M	58
Central Builders Supply	40,42,52	Lyall Design	2	Trustworthy	9,28
Central Hardware	16	Magic Woods	15	Twenty-Two	4
Clarke Hardware	16	Makita	66	United Building Centers	28,30
Coast to Coast	28	May Company	16	United Hardware	24,28
CoastAmerica	1,9,10,24,28,40	Meeks Building Centers	52	Universal Forest Products	4,15
Colorite Waterworks	60	Metropolitan Wholesale Supply	15	ValTest	48,52
ConAgra	9	Mid-Continent Cabinetry	57	Wallace Hardware	16
Connecticut Hardware	24,30	Miller Supply	15	Weldwood of Canada Ltd.	17
Cotter	3,9,24,25,40	Morrison Brothers	66	Weyerhaeuser	15,17,56,57,65,66
Dee Lumber	4	National Paint	16	Whitman Distributors	16
Diamond Lumber	17	Nelson-Roanoke Co.	16	Williamette Industries	15
Diehl Lumber	17	Nuway Distributors	14,48	Wing Industries	59
Domtar	4	Olshan Lumber	3,65	Witte Hardware	16
Eagle	4	Omak Wood Products	65	Wolesley PLC	3
Emery-Waterhouse	14,48	O'Malley Cos.	14,52	Wood-I-Beam	15
Empire Distributors	15	Orgill Brothers	14	WTD Industries	1,65
ENAP	40,43	Our Own Hardware	9,28	Wyeth Co.	14
Erb Lumber	57	Pan American Building Materials Corp.	15	Ziegler's	52
Ernst	4	Pay 'N Pak	4,52	Zork Hardware	14,52
Fagen's	66	Payless Cashways	65		
Farwell, Ozmun & Kirk	1,9,10,28	Peavey Building Centers	9		
Flambeau Products Corp.	59	Pergament	2,62		

Advertisers Index

Boldface denotes reader service number

American Tool Cos.	12, 10
Amerock Corp.	46, 47, 34
Andersen Corp.	56, 57, 41
Arvin	17, 12
Chesapeake Hardware	60, 44
Croft Metal	29, 21
Design Technologies	49, 36
Custom Building Products	26, 27, 17
Custom Leathercraft	28, 20
Danworth Co.	32, 24
Dutch Boy	8, 5
Fluidmaster	67, 48
Freud	16, 11
Gemini Industries	42, 43, 31
General Marble	21, 14
Genova	68, 49
Georgia-Pacific	6, 7, 4

Glidden	60, 43
Gusdorf	18, 19, 13
HWI	31, 23
Hunter	9, 7
ICL	53, 39
Keystone Franklin	45, 33
Knauf Fiber Glass	48, 35
Knauf Fiber Glass	52, 38
Lane Publications	65, 47
Larson Manufacturing	37, 28
Lee Rowan	30, 22
Louisiana-Pacific	50, 51, 37
Macco Adhesives	55, 40
Makiki Electronics	9, 8
Mastercraft	16A, B, 2
MW Manufacturing	41, 30
National Manufacturing	28, 19
National Store Fixtures	9, 6
Owens-Corning	38, 39, 29

Pak-Mix	28, 18
Panasonic	60, 45
Pine Mountain	61, 46
Price Pfister	11, 9
Royal Rubber	25, 16
Sequentia	37, 26
Simpson Strong-Tie	44, 32
Stanley Hardware	33-36, 25
W.R. Bonsal	24A, B, 1
W.W. Henry	37, 27
Waxman Industries	5, 3
Weiser Lock	23, 15

* Indicates Regional Ad

This index has been compiled for the convenience of our advertisers and readers. While every precaution is taken to prevent mistakes, the publishers cannot be held responsible for errors or omissions.

Project Ideas & Know How

The best way to increase your product sales!

When you increase the D-I-Y competence and confidence level of your customers, you increase their capacity and willingness to buy your store's products.

Teaching how-to skills and providing project ideas is our only business and has been for more than 50 years. Expertise you can rely on... and profit from.

Sunset is not only the best how-to information source available, it is the most profitable! Sunset inventory turns 5 to 6 times per year, for a GMROI of 3.0 or better.



Bring D-I-Y know-how and projects to your customers and you'll sell more tools and materials... guaranteed!

We offer IN-STORE SERVICE, FREE DISPLAYS, and CO-OP ADVERTISING.

Call us today at:
(800) 227-7346.

In California:
(800) 321-0372.

Sunset

BOOKS & VIDEO

© Lane Publishing Co.

Circle 47 on Reader Service Card

CS150-6

* 03285 ***** ALL FOR SDC
0025775C HC
MS JEANNE LONG OTHER PERSO *
CONGRESSIONAL INFORMATION S *
4520 EAST-WEST HIGHWAY/STE *
BETHESDA MD 20814

**Special Issue:
World Powers Report
Retail Scoreboard**

National Home Center News

SECOND CLASS

Vol. 16, No. 10 S3 a copy The newspaper for retailers serving homeowners and contractors. Published by Lebhar-Friedman Inc. May 21, 1990

U.S. retailers set the pace for worldwide DIY markets

By John Caulfield

If all the world's a stage, then its retail home improvement players are starting to get better billing. The do-it-yourself movement is truly a global affair these days, with vibrant markets in countries as wide-ranging as Germany, Australia, Great Britain, Japan, Canada and, of course, the United States. Last year, an estimated \$170 billion in building materials and hardlines were sold at retail worldwide.

The democratization of eastern Europe and imminent unification of western Europe have made business abroad more interesting to everyone. And this year, *NHCN's* Retail Scoreboard has greatly expanded its census of the international home improvement scene. Charts list how much of the world retail pie each nation consumes, and rank the sales of the world's 15 largest chains. A more detailed chart shows last year's performance of Europe's major companies, by country, that includes sales, store count and size and product assortment.

In addition, there is breakout data on GB-Inno-BM, the Belgian-based retailer with extensive Euro-

pean home improvement operations that has made a name for itself in the U.S. through its investment in Scotty's, Handy Andy and Central Hardware.

Nearly half of the world's home improvement sales—\$79.6 billion to be exact—were generated last year by stores in the U.S. America is the home of seven of the world's 15 biggest companies, including Home Depot, which shot past its global rivals to emerge as the world's largest home improvement retailer in 1989.

But the big guys weren't the only ones making waves in a year that saw the domestic home improvement industry grow at only 1.5 percent. Independents and chains alike sought new ways to boost sales and salt away more earnings through a combination of cost controls, increasing store square footage and producing new business by bringing on hotter products in millwork, kitchen and bath, and lawn and garden.

To better reflect the breadth of this industry's activity, *NHCN* extended its retail census to 350 companies. The 1989 Retail Scoreboard includes an anal-

Top 10 U.S. Companies			
Company	1989 Sales (in \$ mil.)	% Change 1989 / 1988	Stores
Home Depot	2,759	38	118
Lowe's	2,651	5	306
Payless Cashways	2,004	5	195
Builders Square	1,800	13	142
Hechinger	1,230	21	107
HomeClub	1,072	28	58
Wickes Lumber	1,000	-17	195
Grossman's	801	4	157
84 Lumber	800	-6	334
Sutherland Lumber	726	10	92
Top 10 total	14,843	11	1,704
Top 350 total	34,675	6	5,479
Industry total*	79,612	2	58,060†
Retail total**	1,355,964	6	NA

†Store count for 1987, latest year tracked. Sales for that year have been benchmarked to \$72.338 billion by Census Bureau.
*SIC codes 521, 523 and 525, Retail Trade, Bureau of the Census, Commerce Dept.
**excludes automotive sales
Source: *NHCN* research, Commerce Dept. *NHCN* chart

ysis of five-year trends among the industry's top 100 players, a look at last year's productivity by stores and regions, and a separate section on the performance of independents.

The *NHCN* Retail Census begins on page 13.

Investment group agrees to buy O'Malley Cos. Economy, competition too much for chain

By Tim O'Malley

PHOENIX, Ariz. — This region's spiraling downturn in building activity, along with competition from warehouse chains, has led the O'Malley Cos. to sign an agreement to sell its vast operation here.

The 113-year-old company plans to unload its three divisions to The Levin Group, a two-year-old, San Francisco-based investment company with no previous experience in retailing.

The announcement follows O'Malley's March closing of its hardlines wholesaler, Southwest Hardware, (*NHCN*, Apr. 2, 1990) whose more than \$4 million in estimated inventory was sold to California Hardware, the City of Industry-based distributor.

The agreement with Levin includes seven O'Malley Lumber Company retail stores, six here and one in El Paso, Texas; two manufacturing units, O'Malley Builders Hardware of Phoenix and O'Malley Glass of Glendale, Ariz., and Albuquerque, N.M.; and a wholesale division, Mallico

(Continued on page 100)

Stanley pulls out of Home Center Show

By Gary S. Ruderman

CHICAGO — The Stanley Works, the home improvement industry's largest hardlines supplier, has informed the management of the National Home Center Show that it is pulling out of the 1991 convention because of declining attendance in its booth and the high cost of bringing in "well over 100" of its management employees to man that booth.

"As a company, Stanley will not be participating in the Home Center Show next year. There will be no major booth display of Stanley products," said Ron Gilrain, vp-public affairs for Stanley Works, based in New Britain, Conn. Stanley-Parker, part of Stanley's Fastening Systems division, will exhibit with its own booth, he said.

"We thought the show was well organized and the location we had was effective, but there wasn't the number of contacts that justified the investment."

—Ron Gilrain, vp-public affairs, Stanley Works

John F. Berry, vice president for Vance Publishing, which owns and manages the show, acknowledged Stanley's decision, but insisted that the hardware company's defection was not the death knell for the convention.

"We've got Newell [Companies] and Weyerhaeuser and Georgia-Pacific. [Stanley] is the only major one that didn't come back," said Berry. *NHCN* confirmed that those companies, along with such big-booth exhibitors as Skil Corp., Borden Home Wallcoverings and Black & Decker would participate next year.

Light booth attendance cited

Stanley, which has been a mainstay and one of the largest exhibitors at the show held in Chicago's McCormick Place, made the decision to relinquish the 6,000-square-foot space for its tool, hardware, door, storage and security divisions early last month.

"We thought the show was well

(Continued on page 99)

Grossman's refines image with new ad blitz

By John Sinisi

BRAINTREE, Mass. — Grossman's, which recently reported growth in sales and a narrowing of losses for its first quarter, has launched a multi-media ad campaign heralding their new merchandising program.

The campaign is an attempt to refine Grossman's image in a market that has been sagging economically and is about to be besieged by competition from major chains such as Home Depot and Hechinger's Home Quar-



This is one in a series of Grossman's billboard ads.

ters Warehouse operation.

Grossman's officially launched the blitz on May 3, and uses local television, radio, outdoor and newspaper advertising and circulars to herald a broader product assortment by at least half, and promotional prices on 1,000 items in every store every day.

The chain's advertising agency, Emerson Lane Fortuna Inc. (ELF), laid the groundwork for the promotions a week in advance. It used billboards with

(Continued on page 9)

Photo courtesy Emerson Lane Fortuna

With sale of Northeast units Diamond Lumber nears total liquidation

By an NHCN staff editor

DALLAS — Eleven of Diamond Lumber's 13 yards in the Northeast have been sold and leased for approximately \$17 million to a new company called Eagle Lumber.

The sale, completed early this month, represents the last major portion of the once-mighty Diamond empire, which a decade ago consisted of 125 stores but, with the exception of three yards in Kansas and other idle property, is now nearly liquidated.

Nine of the stores Diamond is selling to Eagle Lumber have been bought outright and two others are being leased to the investment group by Diamond with an option to buy.

Diamond's other two market units, in Bangor and Biddeford, Maine, will be closed and sold as real estate separately.

Eagle principals are Andrew Craig of the Dallas-based investment group Craig, Jacobs & Walker, and Terry Diehl, whose Salt Lake City-based wholesale distribution firm, Diehl Lumber, filed involuntary Chapter 7 in January.

The payment to Diamond will be 87.5 percent in cash.

According to Craig, Diehl's primary function is to develop vendor relations, but he'll have no operational role in the

company, which will call its stores Eagle Lumber. Pat Plazek, currently Diamond's regional manager in the Northeast, will be president, and Craig will be chairman.

Not handcuffed by debt

Bernard Kritzer, chairman of Diamond's parent, Michigan General Corp., said Eagle's chances of succeeding with these stores are better than Diamond's because Eagle has fewer financial burdens.

"We suffered from lack of credit for a long time and had to pass up business as a result," he said. "They're not operating with such handcuffs."

Craig, Jacobs & Walker has done most of its financing for oil companies and has no previous experience in the lumber industry, said Kritzer.

The investment company apparently did not know Diehl before being introduced by a member of the Los Angeles-based Chanin Co., an investment firm that contracted with Diamond to locate prospective buyers.

Chanin Co. is run by Jeff Chanin, formerly executive vp with Wickes Co. and, more recently, a consultant with Drexel Burnham Lambert's now-closed Beverly Hills, Calif., office.

Kritzer, who previously

(Continued on page 100)

Eagle Lumber buys nine yards

I N D E P E N D E N T

Nicholson Lumber finds a niche in loans

By an NHCN staff editor

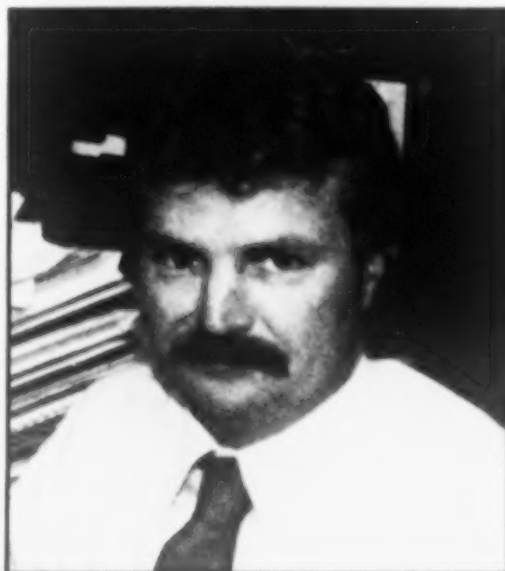
CORPUS CHRISTI, Texas

— For more than 35 years remodeling contractors and homeowners looked to Nicholson Building Supply Co. for more than lumber: Nicholson was a prime source of capital for home improvements.

Five years ago, Nicholson was packaging more than 30 loans a year for its customers. The lumber dealer wouldn't take any points in the deal. Instead, Nicholson would sell the building materials at a full 30 percent markup, versus the normal 12 percent to 15 percent contractor markup. People would gladly take Nicholson's recommendations on a qualified contractor.

Then, as the Texas economy fell apart four years ago, so did Nicholson's home improvement loan business.

"Banks started advertising their loans and people started shopping more for everything," said Ted Nicholson, the second-generation president of the 47-year-old Nichol-



Ted Nicholson, president of Nicholson's Lumber. NHCN photo

son's. Last year it put together just eight applications.

"Even contractors started doing it [loan packaging] on their own," Nicholson said. His "ace in the hole" isn't as secure as it used to be.

Trimming back

"You've still got to have a lumberyard" to buy all the things for a house, "but now there are many more choices. People are shopping a whole lot more and even the contrac-

tors are advertising," said Ted Nicholson.

To survive, Nicholson's couldn't expand its services or yard, so it cut back. In the last three years, he's cut insurance, employees and hours. Last year's sales were at \$2.5 million, a 10 percent improvement from 1988 and "a whole lot better" than the rock bottom years of 1986 and 1987.

Competition, said Nicholson, has proved good and bad for the 4,500-square-foot independent. A unit of the San Antonio, Texas-based Builders Square chain used to be less than a mile from Nicholson's three-acre yard. Much of the independent's DIY business was lost to that warehouse giant, but since Builders Square moved last year to an upscale shopping center Nicholson's has had consumers coming back to his store.

"Now there's too much congestion on the weekends" at that mall, Nicholson said with a smile, "and people are coming back here."

After battle, French Co. buys Norton

By an NHCN staff editor

WORCESTER, Mass. —

French glassmaker Compagnie de Saint Gobain is about to acquire its second U.S. retail supplier in as many years.

The \$11 billion manufacturer signed an agreement last month to buy Norton Co., based here, for \$90 per share, or roughly \$1.9 billion. Saint Gobain has owned Certain-Teed Corporation, the Valley

Forge, Pa.-based roofing and insulation maker, since 1988.

In signing the pact, Norton, a leading construction equipment and coated abrasives (sandpaper) manufacturer, fended off a hostile takeover bid by the London-based BTR conglomerate, which had offered \$75 a share, or \$1.64 billion, for the company.

BTR's advances drew such fiery opposition from Norton

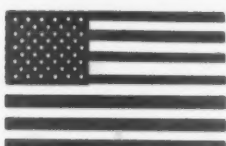
that at one point a group of employees burned a Union Jack in protest. Others traveled to New York City and picketed outside the Wall Street headquarters of Barclay's Bank, which agreed to finance the takeover.

Even the Massachusetts legislature was called on, and last month passed an anti-takeover bill aimed at block-

(Continued on page 100)

contents

WORLD POWERS



The World Powers of Home Improvement Retailing, includes chart of the Top 15 Home Center Companies 13



Home Improvement Retailing reaches new frontiers at home and abroad 14



Spain awakes to the idea of home center retailing 23



Retailers prepare for a burgeoning Italian market 35



International Census: The Top Home Center Companies in France, Germany, Belgium, Britain, Canada, Holland and Spain. . . 35-36



Alphabetical listing of International Companies 38

RETAIL SCOREBOARD

Growth of Top 350 Home Improvement Companies outpaces the industry average . . 40

Chart of the Top 350 U.S. Home Center Retailers 43-51

Alphabetical Listing of the Top 350 Companies 59-68

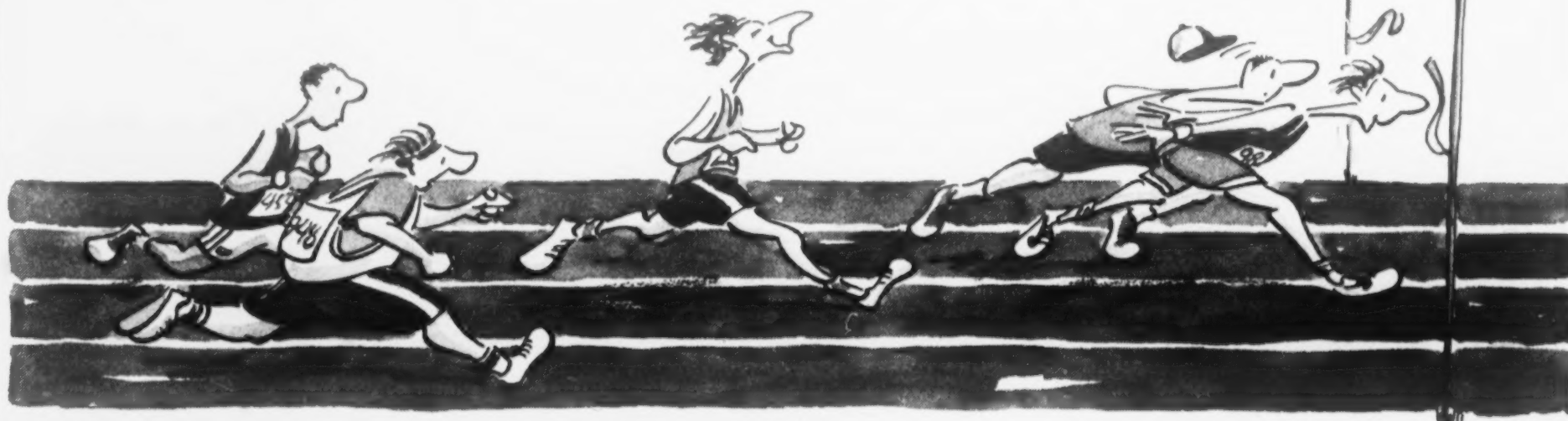
Tabulations of growth and productivity for the largest companies 70

A look at the 138 Independents on the Top Retailers List 76

Analysis of the fastest growing states and metropolitan areas in the country 78

5-Year growth and productivity analysis of the industry 82

The Economic Outlook for building material sales for the U.S. and its regions 86



Home improvement ad spending rises as buying groups still lead the pack

By Elizabeth Brent
NATIONAL REPORT — The top home centers and buying groups spent \$107.6 million on television advertising last year, more than 14 percent above 1988 totals.

Home Depot, HomeClub, Menard's, Lowe's and Handy Andy all had large increases in TV ad dollars, with Home Depot's ranking No. 1 among home centers after jacking up its TV ad spending by an estimated 880 percent to \$15.3 million. In 1988, Home Depot ranked 10th after spending \$1.6 million.

However, the buying groups still spent more than any single home center chain.

Despite a 13 percent decline, Cotter & Co. still spent \$24.3 million to promote its True Value Hardware dealer-members. Color Tile moved into second place with a 48 percent increase in TV spending to \$17.8 million in 1989. It now ranks higher in TV ad expenditures than Ace Hardware.

These figures were collected by the New York-based Television Bureau of Advertising (TvB), and are based on Arbitron data.

	Total 1989 (\$ mil.)	Total 1988 (\$ mil.)	% Change
1. Cotter & Co.	24.3	28.0	- 13
2. Color Tile	17.8	12.1	+ 48
3. Ace Hardware	16.4	17.8	- 8
4. Home Depot	15.3	1.6	+ 880
5. HomeClub Warehouse	11.7	10.0	+ 15
6. Builders Square	4.3	4.3	0
7. Menard's	3.1	2.5	+ 27
8. Lowe's	2.8	2.0	+ 41
9. Coast to Coast	2.1	2.5	- 15
10. Orchard Supply	2.1	2.5	- 15
11. Channel	2.0	2.7	- 27
12. Handy Andy	2.0	1.3	+ 47
13. Grossman's	1.8	3.3	- 46
14. Builders Emporium	1.8	2.5	- 30

The top home centers and buying groups spent 14 percent more on TV advertising last year than in the previous year.

The three warehouse companies—Home Depot, HomeClub and Builders Square—continued to dominate the television medium. Together they spent \$31.4 million of the

total \$49 million spent by the 11 other top home center advertisers.

Some of this TV spending is a direct result of cut-throat competition among the warehouse companies as they move
(Continued on page 100)

National Association of Home Builders sponsors counterattack to 'gloom and doom' housing report

By Tom Neven
WASHINGTON — First the good news. To paraphrase Mark Twain, recent reports on the demise of the housing market are greatly exaggerated.

Now the bad news. The government, in attempting to fix the troubled savings and loan industry, is doing its best to make a liar of Mark Twain.

Report questioned

That's what conferees heard at a session sponsored by the National Association of Home Builders (NAHB) in

early May. The conference was part of a public relations blitz put on to counteract gloom-and-doom scenarios on a housing crash put forth in

Recent reports on the demise of the housing market are greatly exaggerated.

the media.

Much of the reports on a depressed housing market have seized upon an academic study

published in August 1988 by Harvard economist Gregory Mankiw and graduate student David Weil that predicted housing values could plummet by 47 percent over the next 20 years. They posit that the baby boomer market may be spent and that the baby bust market isn't large enough to sustain strong housing growth.

The NAHB's answer to the study was an unequivocal "no way," and it marshalled a panel of economists and bankers to support this claim. Mankiw
(Continued on page 92)

National K&B Show posts record turnout

Largest group of foreign exhibitors attend



Trade floor at this year's K&B show, sponsored by the NKBA.

By an NHCN staff editor

CHICAGO — From coal burning stoves and bathtubs

for the disabled, to exercise equipment and hideaway beds, if you were looking for

it, it was here last month at the National Kitchen and Bath Show.

In fact, among the 2,600 exhibitors at the annual event were hundreds of new product offerings meant to grab attention and, naturally, produce an order.

The show's sponsor, the National Kitchen & Bath Association, said 32,000 people attended the three-day event at McCormick Place, making it the most successful in the show's 18-year history.

This year saw the largest contingent of foreign exhibitors displaying, among other
(Continued on page 100)

newsbriefs

HomeClub president replaced by BJ's Wholesale executive

FULLERTON, Calif. — John Chase has been replaced as president of the 60-unit HomeClub chain only 10 months after being named to that position.

John Halpin, the president of BJ's Wholesale Club, will step in for the 49-year-old Chase, who aside from confirming his leaving was unavailable for comment about the change in management. He noted, though, on May 11 that he was returning to his home in St. Petersburg, Fla., "without a business plan."

BJ's and HomeClub comprise Waban, Inc., the Massachusetts-based spinoff of Zayre Corp. HomeClub surpassed \$1 billion in sales in 1989.

Rickel Home Centers to shutter eight units by year's end

SOUTH PLAINFIELD, N.J. — Following through on its plan, the 50-unit Rickel Home Centers announced it will close four stores on July 31, with another four expected to be shuttered before year's end.

The units slated for closure this summer are in Glen Burnie and Towson, Md.; Newington, Conn.; and Warwick, R.I. In a statement, the company said efforts were being made to find other employment for staffers.

In its quarterly filing with the SEC last December, Rickel's parent, Supermarkets General Corporation, said it had absorbed a \$34 million charge against earnings in connection with this year's closing of eight stores, among other expenses.

Seigle's closes downtown Elgin yard; plans to open 2 new units in 60 days

ELGIN, Ill. — A four-acre bit of history closed in this city last month.

Back in 1881, members of the Borden family opened a lumberyard along the Fox River in downtown Elgin, west of Chicago. Sixty years later, the Bordens gave up lumber and went back to the family's roots—dairy farming—and sold the business to the Seigle family.

On April 29, the downtown yard was closed. Plans for its future were unknown.

"It was a victim of the changes in downtown," explained Mark Seigle, vp of the Seigle's Home and Building Centers. "The pedestrian mall killed" drive-up traffic and so the store and its contents were auctioned.

Seigles, which will open two new stores in the next 60 days in Buffalo Grove and Mundelein, Ill., expects 80 percent of the closed unit's builder sales and half of its retail business will be recaptured by Seigle's seven stores.

Busy Beaver marks 11th hometown unit with new Butler, Pa., store

PITTSBURGH — Busy Beaver has opened its 17th store, in nearby Butler, Pa. The 11th unit in its hometown market, the 52,000-square-foot store carries some 15,000 skus of merchandise and employs 48 people. It will face competition from neighboring 84 Lumber, Fagen's and Lezzer Lumber outlets.

The store, which was host to a one-month-long super-sale promotion, held its grand opening on March 15, according to Busy Beaver spokesman Michael Aleprete. On hand for the store's board cutting ceremony were president Chuck Bender, vp-operations Virginia Fleisher, vp-merchandising Art Sand, and store manager Bruce Jones, among others.

Changing Europe expands panorama of U.S. retailing

Focusing on the U.S. alone produces a limited perspective



Ken Schept
NHCN Editor

There are two special reports in this issue: World Powers and The Retail Scoreboard.

The first measures and analyzes the performance of industry retailers worldwide. The second gives more detailed scrutiny to U.S. companies.

This combination provides a new context in which to understand U.S. home improvement retailing as part of a global business conservatively estimated to total more than

\$170 billion in sales.

The U.S. is by far the largest component of this figure. However, eight of the 15 largest Retail World Powers are headquartered in other countries.

Focusing on the U.S. alone produces a limited perspective, like observing a panoramic landscape through a narrow window—the immediate view appears in vivid relief, but critical details remain hidden.

The narrow view reveals that U.S. sales last year were virtually flat, primarily because of home building's weakness. The good news is that the industry is completing its passage through a period of consolidation and is emerging stronger and more productive as the traditional home center format shatters into new segments.

Switching to a wide angle lens, it becomes immediately clear that there is a growing similarity in the way we all think about shelter. Consumers throughout much of the world prefer shopping in modern, well-assorted stores.

As Europe moves inexorably toward broad economic and political interdependence,

home improvement retailers there are rushing to keep up with events.

The market leaders of the U.K., France and Germany are crossing national borders for the first time. During this decade European retail expansion and consolidation are likely to produce chains that dominate the region's combined market, which in size and population exceeds that of the U.S.

These dynamics offer opportunities for American companies, which have greater experience meeting the challenges of serving markets of a diversified population and far-flung geography.

By exporting this expertise through partnerships or licensing arrangements, American retailers tempered by competitive fires of the 1980s can contribute to, and benefit from, the changing Europe.

Will we soon see stores with signs that read "The Home Depot: Europe's home improvement warehouse?" Unlikely, at least not while Berlin, Conn., is easier to serve than Berlin, Germany.

On the other hand, recent world events have discredited the word "unlikely."

Census Bureau retail revisions remap market

Figures confirm retailers winning with larger, not more, stores



Wyatt Kash
Publisher

Once again, the U.S. Commerce Department has rewritten retail history.

In a sweeping set of revisions, the department's Census Bureau has just recast every box score on retail trade dating back to January 1982.

The good news is, the revisions give us the most accurate portrait now available on how various retail sectors performed over the past decade. If there's bad news, it's simply that the new figures now make obsolete virtually every retail data base and sales forecast currently in the market.

(For a copy of the new "Revised Monthly Retail Sales and Inventories" report

(BR89-R): January 1980 Through December 1989," contact the Census Bureau at 301-763-7128/7129.)

Behind the revisions is the massive infusion of new data derived from the most recent Census of Retail Trade.

The adjustments show the home center sector has grown more than originally thought. As recently as February, the bureau reported home centers, building material and supply dealers generated \$64.2 billion in sales in 1989. The revised number now stands at \$67.6 billion.

Hardware stores, meanwhile, were estimated to have grossed \$14.2 billion in 1989. The figure has been revised now to just \$12 billion.

Even these revisions represent anemic gains over 1988's revised sales figures, confirming 1989 was the toughest year for growth since 1982.

As NHCN's own census of the industry reveals in this issue, while seven of the industry's Top 25 retailers in 1989 posted double-digit sales gains over the year before, six others saw sales decline—most due to a cutback in stores.

What remains significant is the extent to which the industry continues to expand, not so much with more stores but with larger stores.

Lowe's, for instance, added just 10 new stores (net) last

year, yet actually opened 1.2 million square feet of new retail space. Pergament ended the year with five fewer stores in 1989, but with 500,000 square feet more in total selling space. Home Depot, meanwhile, opened 2.1 million square feet of selling space with 22 new outlets. That's equivalent to 68 Channel Home Centers or 207 hardware stores in one year.

The emerging information from the Census of Retail Trade also implies home center sales growth has far outstripped store growth alone:

	Home Centers/ LBM Dealers (SIC 521 only)	Hardware Stores (SIC 525)
Stores:		
1987	27,497	20,059
1982	26,187	20,922
Change	+ 5.0%	- 4.3%
Sales:		
1987	\$56.0 B	\$11.0 B
1982	\$31.7 B	\$ 8.7 B
Change	+ 76%	+ 27%
Workers:		
1987	379,984	137,860
1982	264,849	126,959
Change	+ 44%	+ 9%

Source: U.S. Census Bureau NHCN chart

It's hard to ignore: Not only are home centers and building material dealers dominating the market, but larger stores are leading the way.

National Home Center News

is published by
LEBHAR-FRIEDMAN INC.
425 Park Ave.,
New York, NY 10022
212 371-9400
Fax: 212 838-9487

EDITORIAL OFFICES

New York
Publisher—**Wyatt Kash**
Editor—**Kenneth Schept**
Executive Editor—**John Caulfield**
Senior Editor—**Elizabeth Brent**
Associate Editors—**Tim O'Malley, Tom Neven, John Sinisi**
Desk Editors—**John Paul Uva, Laura Realmuto**
Assistant Editor—**Micki Nuding**
Art Director—**Bob Brokman**
Graphic Designer—**Kyung Ae Yoo**
Chicago 444 N. Michigan Ave., Chicago, IL 60611, 312-644-8688 Fax: 312-644-3256
Senior Editor—**Gary S. Ruderman**
Los Angeles 606 N. Larchmont Blvd., Los Angeles, CA 90004, 213-464-8321 Fax: 213-465-4287
Washington 17735 Striley Drive, Ashton, MD 20861, 301-774-3895 Fax: 301-570-9090
Senior Correspondent—**Kenneth Rankin**
Correspondent—**Deane Evans**

Editorial Inquiries

Questions and comments regarding editorial material published in National Home Center News should be directed to the Editor, National Home Center News, 425 Park Ave., New York, NY 10022.

ADVERTISING SALES/PRODUCTION

New York/ Eastern U.S. Publisher—**Wyatt Kash**
Nat'l Sales Mgr.—**Betsy Ventura**
Eastern Area Manager—**Tuck Sifers**
Customer Service—**Sagrario Grier, Monique Shiver**
Classified Ad Mgr.—**Carole Harnoff**
Display Prod. Mgr.—**Gwendolyn Terrell**
Classified Prod. Mgr.—**Margarita Perez**
Contract Manager—**Linda Claussen**
List Manager—**Vicki White**
Business Manager—**Joel Safir**
Dir. of Manufacturing—**Stan Kaufman**
Chicago/ Midwest 444 N. Michigan Ave., Chicago, IL 60611, 312-644-8688
Fax: 312-644-3256
Senior Area Manager—**Sid Hybert**
Area Manager—**Mark Solak**
Office Manager—**Beverly Wendtland**
Cleveland/ Midwest Summit One Building, 4700 Rockside Road, Independence, OH 44131, 216-642-3420 Fax: 216-642-1457
Area Manager—**Robert Bednar**
Office Manager—**Deborah Bambo**
San Francisco/ Western U.S./Int'l 400 Montgomery St., San Francisco, CA 94104, 415-362-2575
Fax: 415-362-0319
Regional Manager—**Richard J. Harrigan Jr.**
Office Manager—**Pamela Spevack**
Tokyo Diamond-Friedman Ltd., Chain Store Age News, Japan, 1-4-2 Kasumiga-
seki, Chiyoda-ku, Tokyo, Japan
504-6750

CIRCULATION/SUBSCRIPTIONS

New York 305 Madison Ave., Suite 535
New York, N.Y. 10165-0079
Subscription Services:
212-697-2165 or 212-697-2166
Group Circulation Director—**Ken Turtoro**
NHCN Circulation Manager—**Tara McGowan**

Group Publisher—**James T. deGraffenreid**

LEBHAR-FRIEDMAN, INC.

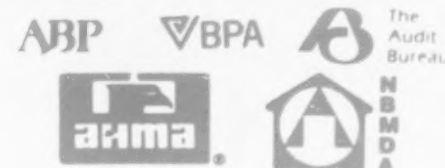
Founder (1900-1981) **Arnold D. Friedman**

President—**J. Roger Friedman**
Sr. VP/Group Publisher—**James T. deGraffenreid**
VP/Administration—**Harry A. Estes**
VP/Finance—**James Granato**
VP/Circulation—**Martha Pattley**
VPs—**Fred Filer, Jay Forbes, John Rapuzzi**
Treasurer—**Barry Okun**

Publisher of National Home Center News, Discount Store News, Nation's Restaurant News, Drug Store News, Accounting Today, Chain Store Age Executive (with Shopping Center Age), APPAREL merchandising. Affiliates: Business Guides Inc. (Directories); Lebhah-Friedman Books; Inside Retailing (Newsletter); Chain Store Age News, Japan; Largo Music Inc.

Permissions

Materials in this publication may not be reproduced in any form without written permission. Requests for permission should be directed to Wyatt Kash, publisher, Lebhah-Friedman Inc., 425 Park Ave., New York, NY 10022.





OF HOME IMPROVEMENT RETAILING

Among the many cross-cultural currents that are shaping and shrinking the planet we share, there is a growing similarity in the way people think about shelter. Improving a home has become a source of pleasure for consumers everywhere, who shop for merchandise in modern, well-assorted stores.

Today, the prospect of an integrated Europe and freedom in the East are adding new dimensions to this phenomenon.

In this special issue of National Home Center News, the World Powers report explores these global trends and the annual Retail Scoreboard analyzes industry performance in the United States, which represents the largest share of the world market.

By Gary Ruderman
INTERNATIONAL REPORT — The world is changing both geopolitically and, in a narrower but related sense, in international home improvement retailing.

Just six months ago, the Berlin Wall was a long-standing symbol of oppression. At the International Hardware Fair, held this past March in Cologne, mockups of the wall were being used as marketing props to sell hammer drills.

Several days later, the first western-style home center debuted in East Germany. And now, retailers and manufacturers are setting their sights, cautiously, on the unknown and untapped Eastern Bloc nations.

The anticipation of a "new" unified Europe by 1993—with 340 million people and \$4 trillion in buying power—has caused unanticipated excitement. New frontiers for home center retailing are opening in Portugal and Spain (see other story, page 23), which to this point have been virgin territories.

Worldwide impact

The changes are not happening in Europe alone, however. Australian shoppers are turning away from neighborhood shops and flocking instead to home centers located in shopping malls. In the United States, the phenomenon of Home Depot has become a role model for do-it-yourself retailers worldwide who see the Atlanta chain's decade-long ascent from a single-unit company to America's largest chain and the largest globally.

Total worldwide home improvement retail sales hit the \$170 billion level last year, by NHCN estimates. And for the first time, it appears that everyone's business is impacted by global, rather than local, crosscurrents.

Some of the trends include family ownership of stores giving way to corporate and multinational control. Old rivals are joining to explore new markets. Trends like niche marketing, new to the U.S., are a way of life for retailers in Great Britain's \$7 billion market. Conversely, store designs in Europe and N. America are so closely aligned that Home Depot's

Home center retailing reaches new frontiers at home and abroad

warehouse "look" can now be found in German and Spanish home centers.

European changes

Nowhere are these global currents blowing more strongly as they are in the amalgam of 12

countries that comprises the European Community. As borders disappear, the free-flow of goods makes Europe more of a single market.

"The customer is the same in Italy, France, Germany and England," said Eric Goullard, director of operations for the French-owned Castorama store in Milan, Italy. "[He's] looking for service and information; for everything to do the job."

But national tastes do not always translate across

all borders. In the last five years the number of multinational joint ventures has skyrocketed. A retailer in one country looks to a partner in a second country with market knowledge willing to share the risks and reap any rewards.

If any single company is emblematic of the multi-nation trend, it is GB-Inno-BM of Belgium. GB Group's specialty retail division is today global, with holdings and outright ownership of seven

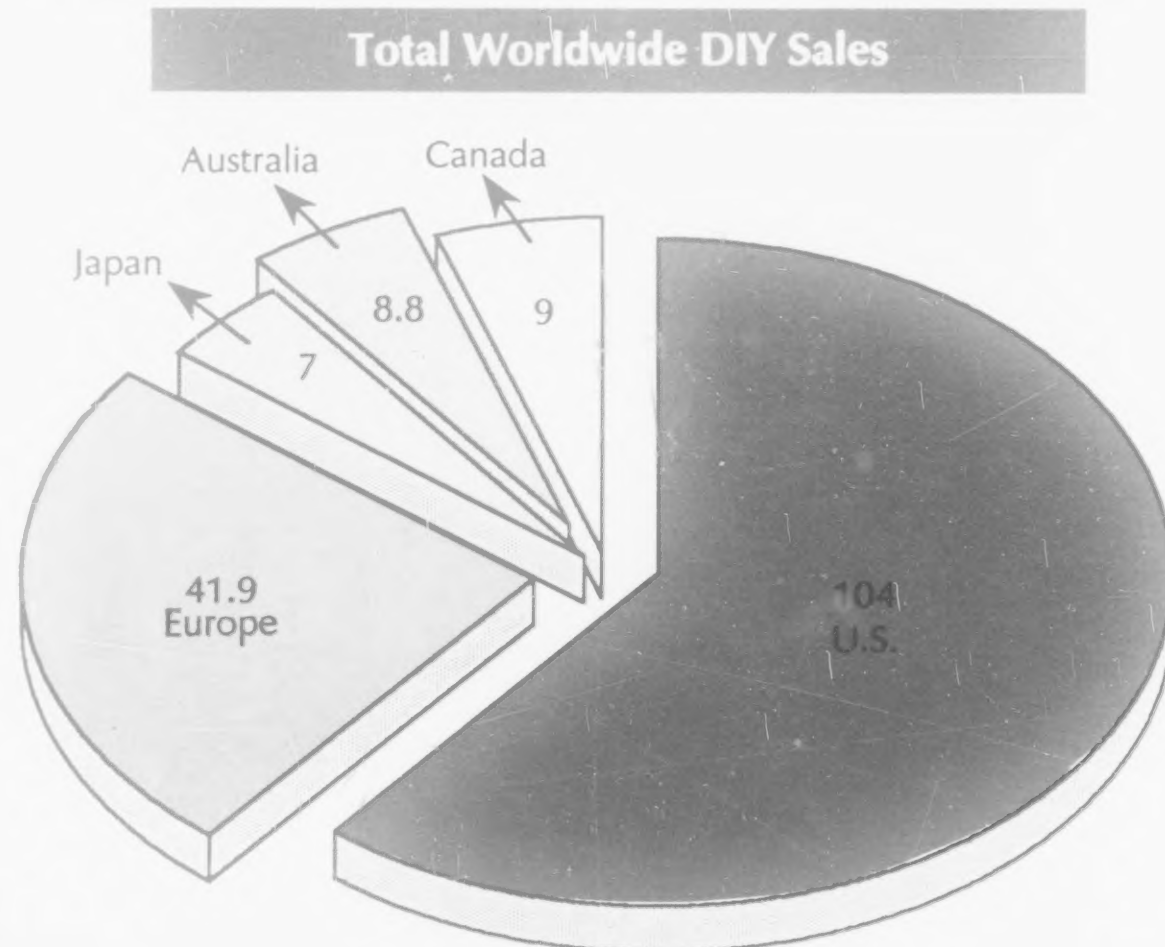
companies and an estimated 470 stores in five countries which last year produced \$2.35 billion in sales, making GB-Inno the 4th largest do-it-yourself retailer in the world.

"There will be more combinations," observed Manfred Maus, president of Germany's OBI chain, which was the first company to open a store in Eastern Europe. "This is a way of getting more international."

Another is through centralized buying, an idea that's sweeping across America and Europe. The Interlink Group, an information consortium of dealer-owned wholesalers from 17 countries, is making consolidated, worldwide buys, according to Walter Hachborn, president of Canada's Home Hardware Ltd. buying group.

The GB Group, with operations in Belgium, the U.S., France, Spain, Portugal and the U.K., is already seeking pan-European price quotes from its

(Continued on page 26)



Figures shown are in U.S. dollars (billions).
Source: Mintel, 1988 research; Commerce Department
NHCN chart

P O W E R S



The potential of "1992" drew attention to the less mature DIY markets of Spain and Italy. With the collapse of Communism eastward expansion is also likely.



Gaetano Porcaro (left), managing director, and Francesco Dossi, sales director, of Italy's Brico Centre (above), which last year gained sales of \$70 million from 13 stores, plan to expand throughout Italy during the next five years, with 20 company outlets and 70 franchises.

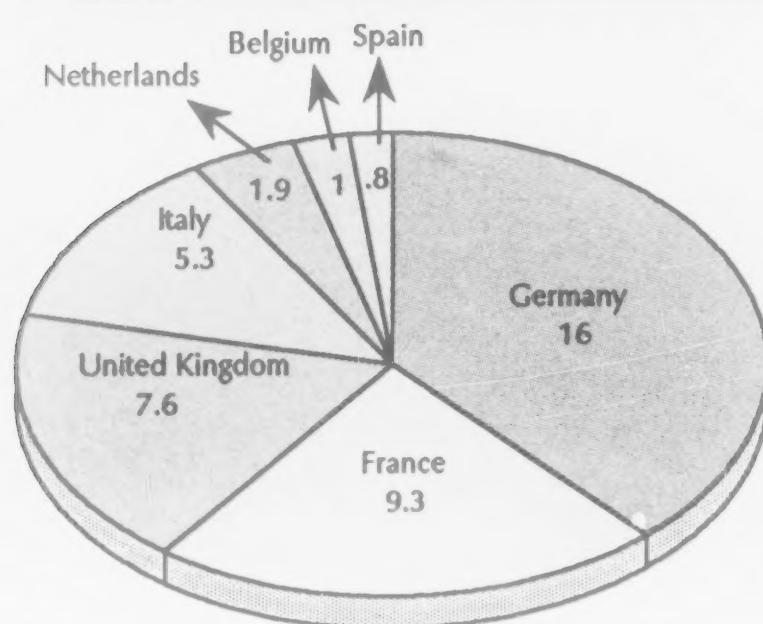
	1.	The Home Depot, U.S.	2,759	118	23.7	88,000
	2.	Lowe's Cos., U.S.	2,651	306	8.7	30,000
	3.	Canadian Tire, Canada	2,497	414	6.0	NA
	4.	Brico GB, Belgium	2,347	470	5.9	45,800
	5.	Payless Cashways, U.S.	2,004	195	10.3	27,000
	6.	Builders Square, U.S.	1,800	142	12.7	80,000
	7.	Castorama, France	1,600	149	10.7	65,000
	8.	B&Q, Britain	1,374	265	5.2	25,000
	9.	Hechinger, U.S.	1,230	107	11.5	60,000
	10.	HomeClub, U.S.	1,072	58	18.5	100,000
	11.	Asko, Germany	1,047	137	7.6	30,000
	12.	Wickes, U.S.	1,000	195	5.1	9,000
	13.	Beaver Lumber, Canada	875	189	4.6	15,000
	14.	Texas, Britain	842	214	3.9	32,250
	15.	OBI, Germany	818	188	4.5	27,500



Robert Guss, in a West Berlin OBI store, is leading the company's expansion into East Germany, where the selection of home improvement merchandise is limited, as suggested by the assortment of tools in this outlet near Alexanderplatz, the shopping center of East Berlin.

Do It Yourself

Total European DIY Sales



Figures shown are in U.S. dollars (billions).
Source: Mintel, 1988 research NHCN chart

WORLD POWERS

Home centers find Spain is no longer taking a siesta

By an NHCN staff editor

INTERNATIONAL REPORT — Spain used to be a market that would make a California retailer cry.

Small dealers there closed their stores for two hours each afternoon. Large dealers carried meager assortments. Pricing was a joke.

But that was three years ago.

Since 1987, when several prominent chains began opening units, Spain, as part of a southern European market that includes Italy and Portugal, has emerged as the growth area for home improvement business. And now it is a new focal point of European DIY retailing.

A new market

Spain still lags behind other southern European countries in home improvement sales. Last year the Italian market garnered about \$6.5 billion in sales, according to an estimate by Gaetano Porcaro, managing director of retailer Brico Centre in Milan. That's close to 10 times the \$770 million Spanish home improvement dealers are estimated to have generated in 1988, according to Mintel International in London.

The research group projects that the Italian market will post 20 percent annual gains in DIY sales eventually, and others point to Castorama's opening one of its units in Milan in 1989 as proof of the attractiveness of the country.

But for now, Italy's older, better-developed retail trade is more fragmented. According to the Italian publishing group EDI Pubblicità, Italy's market is dominated by 20,000 "mom and pop" stores selling hardware, paint, wallpaper and flooring stores. The country is home to just 35 chain-owned and 60 to 70 independent home centers.

Like its lesser developed compatriot Portugal, Spain is the target for international expansion by several of Europe's larger companies.

As markets like Belgium, Great Britain and Holland reach saturation points, DIY chains are covetous of Spain's 80 million inhabitants, half of whom are German and British property owners.

Rapid changes

Three years ago, Spaniards got DIY information and products from just two places: tool and wood sections in large department stores, or local *ferraterrias* (hardware stores) in narrow store fronts. The *ferraterrias* traditionally close two to three hours every afternoon for *siesta* and offer little customer assistance, according to shoppers in and around Barcelona.

Slickly merchandised DIY sections, ranging from 1,500 to 10,000 square feet, can be found in department store chains such as Pryca, Continente and El Corte Ingles. But pricing is far less competitive than one would find in the U.S. or more developed European markets.

A Black and Decker glue gun, for example, that costs from \$19.50 to \$27.70 at department stores like Continente runs to \$31.85 at a *ferrateria*. Retail margins can run as high as 60 percent on hardware, according to Pablo Renàga Sykes, sales manager of Barcelona hardlines distributor Saint Genis S.A. He believes, however, that as home centers proliferate, margins will eventually plummet.

New players

Sensing that Spain's stores lack both service and selection, DIY chains from Belgium, Germany and France have set up subsidiaries in Madrid and the area around Barcelona. From just two home centers in 1988, there are eight today and another five are planned by year end, including the first entrant from the U.K. Some European home center officials feel the Spanish market could grow to as many as 80 to 100 home centers in five years.

The first entrant into Spain in 1988 was AKI, a joint venture between a Spanish investment group, a shopping center owner allied with France's Castorama home center chain and Belgium's GB Group, which has majority stakes in the Scotty's, Handy Andy and Central Hardware chains in the U.S., and the HomeBase chain in England.

A year later Bauhaus, the German chain, opened a unit in Barcelona. Then France's Leroy Merlin chain opened in Ma-

drid, quickly followed this April by one French Castorama store in the same market. By year end, Britain's HomeBase will be in Spain.

A hard sell

After Spain, Portugal is viewed as the next country to be cultivated by Europe's home center chains. In July, the first AKI store opened in Lisbon.

In Spanish, "do-it-yourself" is *hagalo usted mismo*. While Spaniards know the term, its application in the retail field is only beginning.

Home center operators realize they have to educate consumers through advertising on product, price and installation.

Most consumers, primarily renters and owners of very old homes, are first time buyers and are said to be willing to make big ticket purchases. But according to Bernard Danze, director of merchandising for AKI, only 6,000 peo-



Since 1987, when several prominent chains began opening units, Spain has emerged as the growth area for home improvement business.

ple visit a typical home center a week, about half the usual weekly store traffic in the U.S.

Spanish consumers long relied on tradesmen for home improvement projects. But in the last few years contractors have been too busy with new housing to do homeowner jobs like room additions.

So to help homeowners to understand how to do the

work themselves, displays in DIY stores feature cut-away mockups of houses exposing systems like HVAC, electrical, plumbing and insulation to show how products are used.

Delivery and installed sales are foreign ideas to this southern European market. To compensate for lack of delivery the AKI chain rents shoppers a beatup delivery truck. ♦

Looks aren't everything.

Trusted Sentry name
— made in U.S.A.

Compact, space-
saving design

UL 1-hour fire label

Built-in
hanging racks for
letter-size files

Unique beveled
drawer fronts

Full-extension, 15"-deep
drawers with easy-glide
suspension

At just 125 lbs., the
lightest-weight
fireproof file

Smooth surfaces,
rounded corners
and integral handles

Key lock secures
both drawers

Scratch-proof,
rust-proof



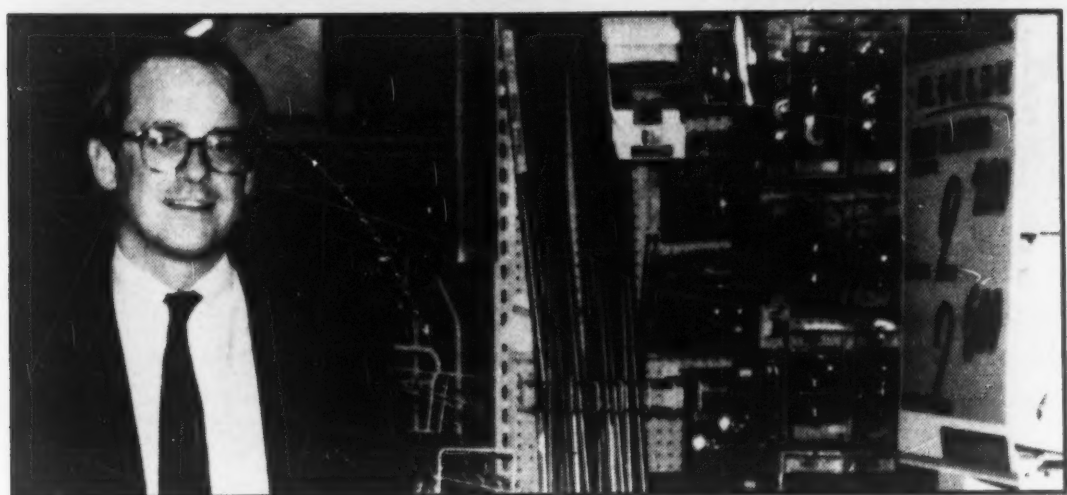
There's more here than trend-setting styling. The Sentry® 2000 carries a one-hour fire safety rating from Underwriters Laboratories. Plus colorful packaging and P-O-F featuring after-fire results and the Sentry warranty and guarantee.

All at a price point that makes fire protection right for both commercial customers and the fast-growing home office market. So you can augment your sales of standard file cabinets with this unique profit category.



SENTRY GROUP 900 Linden Avenue, Rochester, NY 14625
800-828-1438 (in NYS 800-462-6463)

Circle 13 on Reader Service Card



Eric Goullard, director of operations for the French-owned Castorama in Milan, Italy. NHCN photo

Retailers set their sights on untapped Eastern Bloc nations

(Continued from page 14)
suppliers, according to Michael Goethals, director of Belgium's Brico chain, which is owned by GB.

Manufacturing fallout

These changes in dealer

buying and pricing can be a rude awakening for manufacturers.

For instance, the U.K.'s B&Q chain opened its first distribution center this year, which reduced its demand for direct shipment and increased

its demand for lower prices from suppliers, according to published reports.

Corner Joints, a hardware supplier which counted B&Q as its largest account, closed its doors in April because it couldn't take the decline in revenue from its direct ship days.

"Manufacturers who have 25 percent of the British market and no foreign sales may look at another company with just 2 percent of the British market as not a competitive factor," said Colin Petty, editor of England's *DIY Week*. However, the surprise, according to Petty, is that the second firm "may have 10 percent of the European market."

Major manufacturers already treat Europe as one market, he said, regardless of packaging, language or currency. Goullard of Castorama points to combinations like the recent acquisition of an Italian partner by France's largest electrical supplier as evidence of this. In the U.S., domestic power tool manufacturers don't need to be reminded how Japan's Makita Corp. reshaped the American market in the early and mid 1980s.

And although small- and medium-sized companies lag behind giants like Black & Decker and Stanley Hardware in establishing off-shore companies, exporters are looking to Europe in increasing numbers—witness the 77 U.S. firms at the world's largest hardware trade fair in Cologne last March, up from 22 just four years ago.

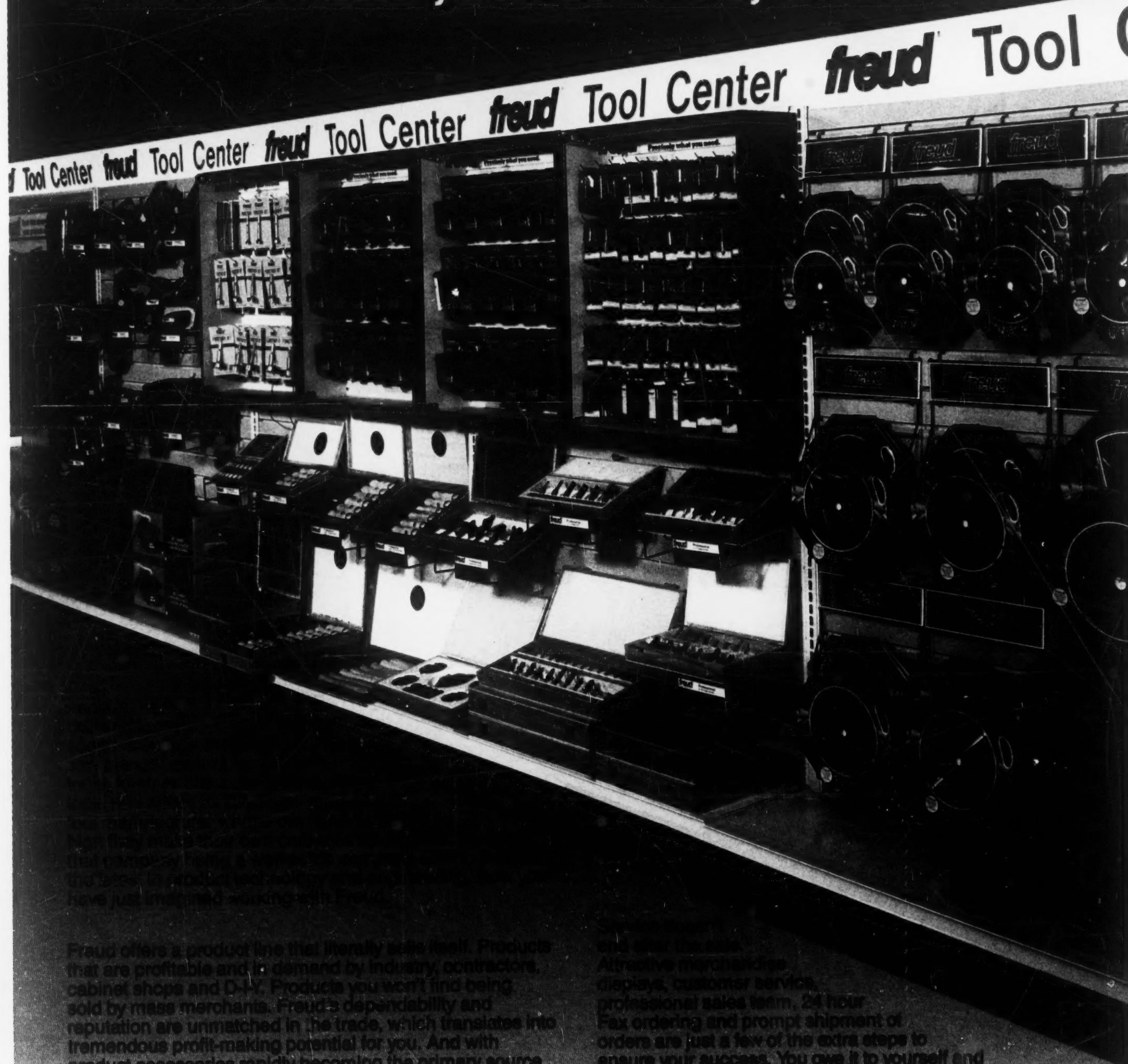
Distribution gains favor

The global interest among retailers and manufacturers in international expansion apparently is good news for wholesalers that are gaining market share in several countries.

In Australia, for instance, Jim Allan of the *Australian Hardware Journal* states that distribution jobbers are gaining in popularity by offering display services, co-op and point-of-sale merchandising and travel incentives.

A recent meeting of the world's leading cooperative wholesalers found warehouse sales to the DIY sector in all of Europe jumped to 85 percent from 60 percent 10 years ago, according to Martin Elliott, marketing director for Home Hardware Southwest, a co-op in the U.K. ♦

A Simple Psychology: Better Product, Better Price, Better Profit.



Freud offers a product line that literally sells itself. Products that are profitable and in demand by industry, contractors, cabinet shops and D-I-Y. Products you won't find being sold by mass merchants. Freud's dependability and reputation are unmatched in the trade, which translates into tremendous profit-making potential for you. And with product accessories rapidly becoming the primary source of profit margin, there is no limit to your success with Freud. Freud has innovative programs to assist you in entering this arena and developing a strong sales partnership. Personalized service is a must and cooperation is the key to success.

Attractive merchandise displays, customer service, professional sales team, 24 hour Fax ordering and prompt shipment of orders are just a few of the extra steps to ensure your success. You owe it to yourself and to your customers to provide the best available Freud. Call us today for more information on becoming part of the

Freud team. You'll see for yourself what others have known for over 40 years; when Freud comes in, the profits go up.

freud

Precisely what you need.

High Point, NC • (919) 434-3171

Circle 15 on Reader Service Card

WORLD POWERS

International Home Improvement Retail Leaders

European home centers prepare to take a gamble on Italy

By an NHCN staff editor

INTERNATIONAL REPORT — As DIY retail powers of northern Europe cross national borders in search of future growth opportunities, many are looking south to Italy, a market about to happen—maybe.

Castorama, France's largest home center chain, opened its first Italian store last year in Milan and plans to open a second in July. Germany's OBI is also exploring possibilities there.

But after decades of battling for market share against each other and the hypermarkets, Europe's leading DIY chains may face their toughest competition yet in Italy.

"People will accept DIY, but slowly," said Gaetano Porcaro, managing director of Brico Center, which operates 13 home centers, mostly in the northern part of the country.

"People would rather relax than work."

Very little chain store presence

Besides a moderate climate that makes outdoor recreation, rather than home improvement, the weekend activity of choice, a relatively low level of home ownership mitigates against booming fix-up sales. An abundance of people skilled in crafts also makes DIY less necessary.

And if these factors weren't enough to discourage chain operators, add the Italian preference for shopping at small specialty outlets rather than super stores.

Still, Porcaro and others are betting that Italians, too, can learn to love spending weekend mornings on check-out lines and afternoons installing shelves.

These retailers sense great opportunity in a market estimated at \$8 billion, which is fairly sizable in a country of 57 million people, where home improvement retailing remains thoroughly fragmented.

According to EDI Pubblicità, a trade publishing company based in Milan, there are only about 35 home center stores affiliated with chains in all of Italy. The majority of Italian home improvement retail sales moves through 60 to 70 independently owned home centers, 300 mass merchants, 4,000 paint and wallpaper specialists, 12,000 hardware stores, 4,000 flooring outlets and, perhaps, 500 garden centers.

Porcaro's plans for exploiting this fragmentation call for opening 20 new company stores and 70 franchises in the next five years, extending the Brico Center's presence to both the middle of the country and the south. He has the backing of corporate parent Rinascente, a \$3.5 billion distribution giant.

Other Italian DIY chains are also emerging, but are still nascent. Brico

Rank 1989	Company	\$ Millions (U.S.) 1989	Sales 1988 (U.S.)	% Change 1988-1989	Stores 1989	Stores 1988	Showroom sq. ft. Store avg. 1989	Showroom sq. ft. Store avg. 1988
France								
1	Castorama, Lille	1,600	1,175	36	149	88	65,000	65,000
	Castorama OBI	1,244 356	891 284	40 25	89 60	28 60		
2	Leroy Merlin, Saint Jean DeLa Ruelle	801	712	13	53	46	108	
3	A.N.P.F.	418	377	11	230	238		
	Mr. Bricolage Bricotruie Amazonia	374 33 11	337 30 10	11 10 10	196 30 4	210 25 3	12,000 5,000 22,000	
4	Bricomarche, Paris	409	267	53	200	134	13,000	13,000
5	BHV Bricolage, Paris	356	303	17	21	21	59,000	59,000
6	Euroloisirs, Bondoufle	231	285	-19	59	88	16,000	16,000
7	Bricogami, Paris	176			90			
	B3 Pictoral Eurodori Projet Independents				50 14 10 3 13		14,000 43,000 21,500 21,500 21,500	
8	Bricallerie, Le Pontet	157	134	17	66			
	Bricofrance Bricallerie		54 80		38 28		14,000 30,500	
9	Bricosphere, Paris	142			60		11,000	
10	Briker, Govesnou	120	151	-21	20	21	54,000	54,000
Germany								
1	Asko, Saarbrücken	1,047	945	11	137	127		
	Praktiker Extra Esbella Realkauf Continent Massa	550 150	420	31	54 30 2 24 3 24	51 28 2 20 3 23	37,400 28,400 31,200	35,000 31,300
2	Tengelmann (OBI), Wermelskirchen	818	681	20	188	179	27,500	26,500
3	Bauhaus	718			114	103		
	Bauhaus Bauhaus(Austria)	574 144	498	15	89 25	85 18	36,000	35,500
4	Co-op (plaza bau & hobby),	315	289	9	106	103	20,900	19,800
5	Max Bahr (Bahr), Hamburg	311	263	18	46	43	33,500	29,300
6	Metro, Nurnberg	305	288	6	41	40		
	Metro BLV Meister Huma				14 18 5 4	14 17 5 4		
7	Stinnes (Stinnes), Stuttgart	294	270	9	60	57	22,500	22,500
8	hagebau, Soltau							
	hagebaumarkt hagebaushop	269	233	15 35	113 35	104	16,600 3,500	16,100 3,500
9	Interpares (Interpares), Karlsruhe	269	202	33	120	113	13,700	13,700
10	Hornbach (Hornbach), Barnheim	215	190	13	22	21	55,000	52,300

Sources: bau & heimwerker markt/bricolage service

Currency Conversion rates for following countries:
France \$1 = 15.61 Francs
Germany \$1 = 1.67 Marks

Source: NHCN Research
NHCN Chart

opened its first store two years ago. Last year, another company, Brico Scia, opened its first store. These two companies, along with a third called Mr. Brico, reportedly currently operate three stores apiece.

Adjusting to the market

For now, the most extreme effort to reshape the Italian market belongs to Castorama, whose 45,000-square-foot store in Milan is about half the size of its French prototype, but big for Italy. The store carries 38,000 stockkeeping units, which is more than twice Brico Center's selection.

The company is making other adjustments required in transplanting a retail idea in foreign soil. Eric Goullard, who runs Castorama's Italian operation, may be the perfect person for the job. Although born in France, he spent his entire childhood and early adult years in Italy and therefore understands and is sensitive to both cultures.

When the Milan store opened, 70

percent of the merchandise was Italian; that level has increased to 85 percent. Store hours were originally similar to those in France. Now the Milan outlet closes between 12:30 p.m. and 2 p.m. for lunch. In fact, 60 percent of weekday sales happen between 5 p.m. and 8 p.m., Goullard said.

Perhaps Castorama's greatest adjustment since entering Italy was a change in ownership. The Milan store opened as a joint venture with Euromercato, a hypermarket owned by an Italian media conglomerate, Fininvest. Castorama had a two-thirds share of the deal, which ended last month with the French company in complete control.

That development, and Castorama's expansion plans, seem to underscore its commitment to the Italian market.

The next Castorama store, which is set to open July 18 in Bergamo, will be 60,000 square feet in size, one third larger than the unit in nearby Milan. Two more stores are planned for 1991.

Census Methodology

Information presented in the World Powers chart on this page and page 36 was obtained several ways:

- The trade publication *bau & heimwerker markt* provided material about West German companies;
- French market data came from *bricolage service*, a trade publication;
- For other countries, *National Home Center News* contacted companies directly by telephone or fax.

The following sources also provided information that appeared in stories or was used as background: Nielsen, Holland; *Vakblad MIX Magazine*; The Netherlands Hardware Association; *DIY Superstore*, Oxford, and *DIY Week*, Tonbridge, England; *Dobbit DIY Magazine*, Varsenare, Belgium; Mintel Research, London; *Australian Hardware Journal*, Victoria.

WORLD POWERS

Rank 1989	Company	Sales \$ Millions (U.S.) 1989	1988	% Change 1988-1989	Stores 1989	1988	Showroom sq. ft. Store avg. 1989	1988	SKUs store Average 1989	1988	Employees 1989	1988
Belgium												
1	Brico G.B., Brussels	351	335	5	96	90	32,292	32,292	30,000	25,000	1,430	1,400
2	Bricoman, Chatelinean	65	49	32	3	2	53,820	53,820	50,000	50,000	170	120
3	Bricosphere, Nivelles	18	0		11	0	9,149	0	12,000	0	55	0
4	Orga, Brussels	6	0		6	0	10,800	0	16,000	0	13	0
Canada												
1	Canadian Tire, Toronto	2,497	2,239	12	414	408			45,000	45,000	4,000	4,000
2	Beaver Lumber, Markham, Ontario	875	929	- 6	189	191					2,303	2,432
3	Cashway Building Centres, Mississauga	251	233	8	62	61	10,600	9,500	14,300	13,500	1,836	1,632
4	J. Pascal, Montreal	176	176	0	25	25	30,000	35,000			2,783	2,938
5	Groupe Val Royal, Montreal	129	133	- 3	13	14	37,500	37,500	22,000	22,000	1,045	1,000
6	Revelstoke, Langley, B.C.	129	108	19	28	28	25,000	25,000	25,000	25,000	800	750
7	Lumberland Building Materials, Burnaby, B.C.*	104	90	16	16	15	16,000	16,000	15,000	15,000	700	650
8	Totem Building Suplies, Calgary	58	46	24	8	8	15,000	13,000	10,000	8,000	320	300
9	Lansing Buildall, Toronto*	50	46	8	7	7	20,000	20,000	13,000	13,000	1,000	1,000
Great Britain												
1	B&Q plc, Southampton	1,374	1,266	9	265	238	38,900	38,700	25,000	25,000	13,634	13,732
2	Wickes plc, London ¹	1,123	593	89	198	74	27,500	27,500	3,000	3,000	5,121	2,871
3	Texas Homecare, Wellingborough	842	683	23	214	198	32,250	31,000	20,000	20,000	10,380	9,170
4	Payless DIY, Sevenoaks* A.G. Stanley, Chesire*	384 255	373 250	3 2	106 460	98 450	24,500	23,000	25,000	22,000	4,100	4,000
5	Do-It-All, West Midlands*	365	354	3	121	105						
6	Homebase, Surrey	324	283	15	55	47	25,736	26,065	26,500	22,400	3,614	3,572
7	Great Mills, Bristol	271	238	14	86	74	34,500	31,250	22,700	22,000	3,200	2,800
8	Wilkinson Hardware, Nottinghamshire	162	133	22	85	78	6,000	5,320	10,000	7,500	1,867	1,629
9	J.H. Leeke & Sons, Pontyclun	64	57	12	3	3	112,000	112,000	33,000	33,000	440	380
10	Robert Dyas Ltd., Croydon	39	37	7	38	37	3,750	3,500	8,500	8,000	465	439
Holland												
1	Gamma, Bunschoten*	234	217	8	90	87	26,910	26,910	14,000	14,000	2,000	1,933
2	Praxis, Diemen ²	220	177	24	51	41	26,910	26,910	18,000	18,000	800	650
3	Super doe, Utrecht	148	NA	NA	12	11	31,000	31,000	60,000	60,000	320	250
4	B&B Boerenbond, Veghel ³	122	108	13	37	34	10,764	10,764	10,000	100,000	460	400
5	Formido, Utrecht	81	68	20	50	47	16,146	16,146	12,000	12,000	350	329
6	Karwie, Nieuwegein	78	62	25	50	39	21,528	21,528	15,000	15,000	500	500
7	Bouwvaria, Weese	49	42	15	23	20	20,021	1,937	19,000	18,750	201	180
8	Big Boss, Barneveld ⁴	33	30	11	20	18	15,100	15,100	12,000	12,000	100	90
Spain												
1	AKI, Barcelona	26	10	160	4	2	44,939	44,939	25,000	25,000	270	270
2	Bauhaus (Hagalo S.A.), Barcelona ⁵	5	0		1	0	64,584	0	40,000	0		
3	Servicio Estacion S.A., Barcelona				6	6						

* NHCN Estimate

¹1989 sales and store count includes Malden Timber, which was acquired by Wickes in October of 1988. The 1988 sales figure includes the three months of Wickes ownership. There are 76 Wickes stores, 31 of which are located in Holland, Belgium and France.

²This company also has 18 franchised dealers whose sales are not included in its total.

³This company also has 90 franchised dealers whose sales are not included in its total.

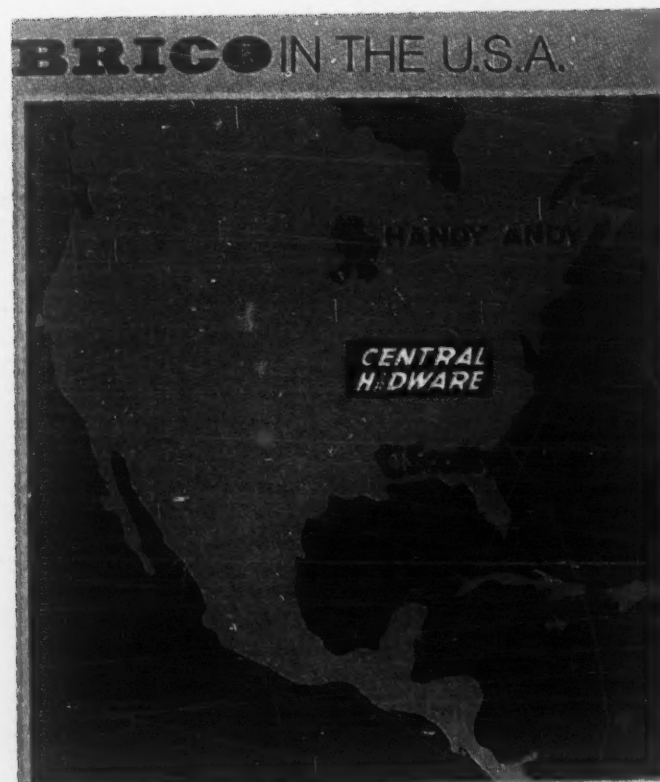
⁴Big Boss is also has 250 franchised hardware stores whose sales are not included in its total.

⁵Owned by the Bauhaus chain, Mannheim, W. Germany

Currency Conversion rates for following countries:
Belgium \$1 = 34.59 Francs
Canada \$1 = \$1.16 Canadian dollars
Great Britain \$1 = 6090 Pounds
Holland \$1 = 1.88 Guilders
Spain \$1 = 106.24 Pesetas

NHCN Research
NHCN Chart

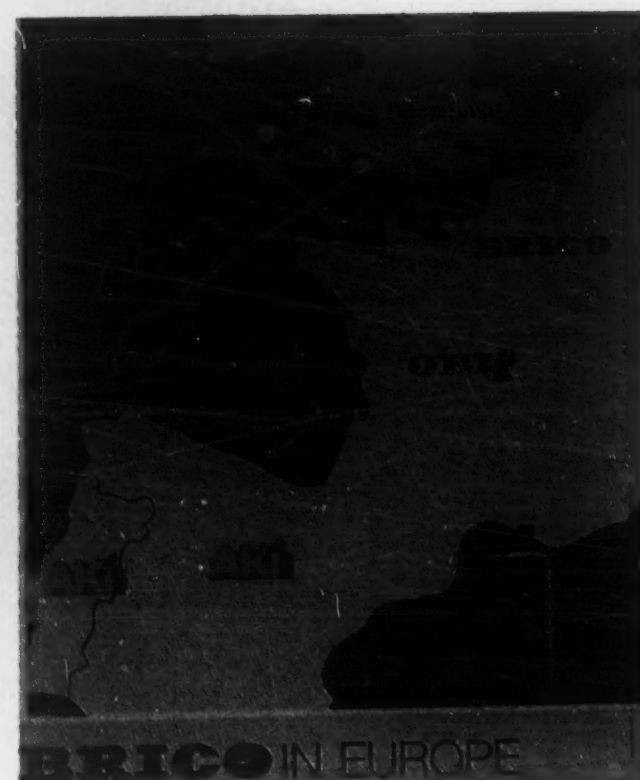
Brico G.B. worldwide home center holdings



Brico Holdings	Sales (\$ Mil. U.S.)	No. of Stores	Sales/ Store (\$Mil. U.S.)	Avg. sq. ft./ Store
Scotty's	570	165	3.5	50,000
Handy Andy	420	52	8.1	68,000
OBI (France)	356	60	5.9	35,000
Brico	351	96	3.7	32,200
Homebase	324	55	5.9	25,700
Central	300	38	7.9	65,000
AKI	26	4	6.5	54,000
Totals and Averages	2,347	470	5.9	45,800

NHCN Research
NHCN chart

The growing internationalization of the home improvement industry is best characterized by the Belgium retail conglomerate GB-Inno-BM, which has stakes of various sizes in seven home center companies in five different countries.



WORLD POWERS

Alphabetical listing of International Companies

Belgium

Brico G.B.
Michael Goethals, CEO
2536-57-11 (phone)
2536-57-87 (fax)

Bricoman
Philippe Coene, General Manager
071-39-00-15 (phone)
071-39-09-73 (fax)

Bricosphère
Benoit Delvaux, Managing Director
67-21-81-64 (phone)
no fax

Orga
Wilfred Gisgang, CEO
2347-41-87 (phone)
2347-39-75 (fax)

Canada

Beaver Lumber
Jack Edwards, CEO
(416) 479-2255 (phone)
(416) 479-9607 (fax)

Canadian Tire
Dean Groussman
(416) 480-3000 (phone)
(416) 480-2612 (fax)

Cashway Building Centers
E.J. Barakett, CEO
(416) 672-6000 (phone)
(416) 672-6069 (fax)

Goineau-Bousquet
Luc Goineau, CEO
(514) 667-9770 (phone)
(514) 667-3141 (fax)

Groupe Val Royal
Pierre Michaud, CEO
(514) 849-8508 (phone)
(514) 849-2480 (fax)

J. Pascal
Sydney Pascal, CEO
(514) 878-5400 (phone)
(514) 878-5568 (fax)

Lansing Buildall
William C. Kitchen, Chairman
(416) 225-8844 (phone)
(416) 225-7490 (fax)

Lumberland Building Materials
The Delesalle Brothers, partners
(604) 294-1431 (phone)
(604) 294-5374 (fax)

Revelstoke Home Centers
Carl Grittnr, CEO
(604) 888-4111 (phone)
(604) 888-1554 (fax)

Totem Building Supplies
Jimmy L. Thorogood, President
(403) 286-4666 (phone)
(403) 247-6501 (fax)

France

A.N.P.F.
Maurice Vax, CEO
38-43-50-00 (phone)
38-43-11-58 (fax)

BHV Bricolage
Jean-Noël Caron, CEO
42-74-90-00 (phone)
42-74-96-79 (fax)

Bricallier
Daniel Amar, CEO
90-32-92-00 (phone)
90-32-92-79 (fax)

Bricogagmi
Claude Doisy, CEO
42-06-83-83 (phone)
42-06-22-40 (fax)

Bricomarché
Currently no CEO
37-27-78-99 (phone)
37-24-62-60 (fax)

Bricosphere
Pierre Sole, CEO
44-50-21-33 (phone)
44-50-06-96 (fax)

Briker
Jean-Claude Le Bourdonnec, CEO
98-34-42-00 (phone)
98-02-14-33 (fax)

Castorama
Christian Dubois, CEO
20-95-19-17 (phone)
20-95-19-17 (fax)

Euroloisirs
Bernard Salvage, CEO
64-97-88-89 (phone)
60-77-17-36 (fax)

Leroy Merlin
Marc Deleplanque, CEO
20-05-73-00 (phone)
21-26-48-17 (fax)

Germany

Asko Deutsche Kaufhaus AG
The next 6 companies are Asko subsidiaries

Continent Hypermarkt
Herr Isländer, CEO
0511-21450 (phone)
0511-2145-475 (fax)

Esbella SB-Grosslager
Herr Isländer, CEO
0511-21450 (phone)
0511-2145-475 (fax)

BEFORE A PATIO DOOR IT HAS TO STAND UP

A little rain. A little snow. The blistering summer sun. They're enough to make some patio doors old before their time.

Nobody knows that better than Andersen. For us, a patio door isn't just something that comes between your customers and their patios. It's something that comes between your customers and the weather.

COME HAIL OR HIGH WATER.

Saying an Andersen® Frenchwood® Hinged Patio Door handles bad weather is an understatement. It's designed to survive eight inches of rain per hour, driven by 50 mph horizontal winds, without leaking. It's the only hinged patio door on the market that can.

Combine that weathertightness with our Perma-Shield® system, which protects the door from the weather, and you've got a door that repels moisture like water off a duck's back.

ENERGY SAVING GLASS: A COMFORTING THOUGHT.

Andersen High-Performance glass acts kind of like a thermostat. It recognizes radiant heat and controls its flow in and out of a house. That keeps your customers cooler when it's hot outside and warmer when it isn't. They'll save money, too, because our glass is 33% more energy efficient than ordinary double-pane glass during the heating months, and 13% better in summer. For homes in hot sunny climates, we offer Andersen High-Performance Sun glass. It lowers the sun's heat more than two times better than single-pane glass.

So no matter where your customers live, they can stay comfortable when the weather isn't.

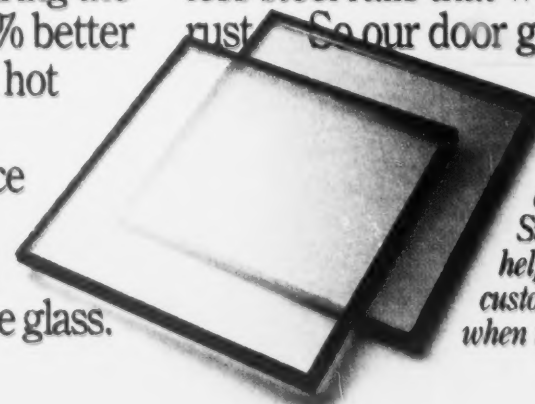


AN OPEN AND SHUT CASE.

You slam a door to tell how well a car is built. But it makes even better sense to slam a door to tell how well a door is built.

An Andersen patio door, swinging or gliding, sounds a good deal like a bank vault. Solid. Quiet. Smooth. For several reasons. While many gliding doors have aluminum tracks, ours have stainless steel rails that won't dent or rust. So our door glides smoothly for years.

Andersen High-Performance and High-Performance Sun insulating glass helps keep your customers comfortable when the weather isn't.



Circle 50 on Reader Service Card

WORLD POWERS

Extra Bau-und Hobby-Markt
Alfred Himmler, CEO
2421-4960 (phone)
2421-496-356 (fax)

Massa AG
Herr Schories, Chairman
06731-4900 (phone)
06731-44550 (fax)

Praktiker
Peter Walter Janz, CEO
0681-81-041 (phone)
0681-8104-261 (fax)

Real Kauf
Jürgen Dreher, CEO
0511-21450 (phone)
0511 2145-345 (fax)

hagebau
Dr. K. Gertach, CEO
05191 802-0 (phone)
05191 802-150 (fax)

Hornbach
Manfred Valder, CEO
06348-601 (phone)
06348-60200 (fax)

Interpares
Hermann Schneider, CEO
0721-75070 (phone)
0721-750776 (fax)

Max Bahr Holzhandlung
Peter Mohrle, CEO
040-20-20-1-0 (phone)
040-20-20-12-86 (fax)

Metro International
Herr Licht, CEO
0911-6-10-30 (phone)
No fax

Stinnes Baumarkt
Horst Herfert, CEO
0711-32003-0 (phone)
0711-32003-55 (fax)

Tengelmann(OBI Heimwerker)
Manfred Maus, CEO
02196-8601 (phone)
02196-86555 (fax)

Great Britain

Robert Dyas Ltd.
P. Dyas, Chairman
081-681-0311 (phone)
081-680-9760 (fax)

Wilkinson Hardware
B.K. Fairhurst
0909-731001 (phone)
0909-733996 (fax)

J.H. Leeke & Sons
Gerald Leeke, Managing Director
443-237700 (phone)
443-237595 (fax)

Texas Homecare
Ron Trenter, Managing Director
0933-679679 (phone)
0933-674352 (fax)

Homebase
D.B. Adriano, Managing Director
081-784-7200 (phone)
081-784-7755 (fax)

B&Q
Jim Hodgkinson, CEO
703 256256 (phone)
703 256030 (fax)

Payless DIY Ltd.
Peter Dobson, CEO
0732-460000 (phone)
0732-456145 (fax)

Great Mills
M.A. Robertshaw, CEO
0761-416034
0761-418561

Wickes
Richard Clark, Chairman
1 631 1018 (phone)
1 637 1784 (fax)

Do It All
Rodney Buse, Managing Director
0384 456456 (phone)
0384 236851 (fax)

Holland

Super doe
L.F.W. Frequin, Director
30-898-088 (phone)
no fax

B + B Boerenbond
A.F. Kieft, CEO
41-3082308 (phone)
no fax

Praxis
J. Van der Berg
20-5698422 (phone)
20-950878 (fax)

Big Boss
R. Deuster, CEO
34-2014398 (phone)
34-2092702 (fax)

Bauwvaria
J.C. Gerrits
29-4019745 (phone)
29-4019323 (fax)

Formido
J.J. van der Jagt
30-438843 (phone)
30-440236 (fax)

Karwei
R. van der Ham, CEO
30-890934
30-885768

Gamma
H. Steenman, Chairman
34-9989211 (phone)
34-9987580 (fax)

Spain

AKI
Bernard Danze, Director of Purchasing
3718-13-12 (phone)
3718-48-18 (fax)

Bauhaus
Christoph Bläse, Director
3032-51-54 (phone)
3422-35-83 (fax)

Servicio Estacion
3216-02-12 (phone)
no fax

CAN ENDURE FATHER TIME, TO MOTHER NATURE.



Our rollers help, too. They're made with chromed ball bearings. The rollers on some gliding doors don't have bearings at all. We even use a "slippery" weatherstripping to reduce friction and enhance that bank vault effect.

more weathertight, and it resists warping.

SCREENS THAT WON'T BUG PEOPLE.

Some manufacturers put their screens on the inside of their patio doors. Think what that can mean on a warm summer night.

The patio door is open. The screen is closed. And most of the bugs within a three-county radius are attracted to the light in the house — clinging to the screen.

When it's time to close up the house and go to bed, the owners will have to open that screen to close the glass door.

Which lets most of the bugs into the house with them.

With an Andersen patio door, the screen is on the outer track. So people can close the glass door without opening the screen. And without inviting any unwanted guests to spend the night.

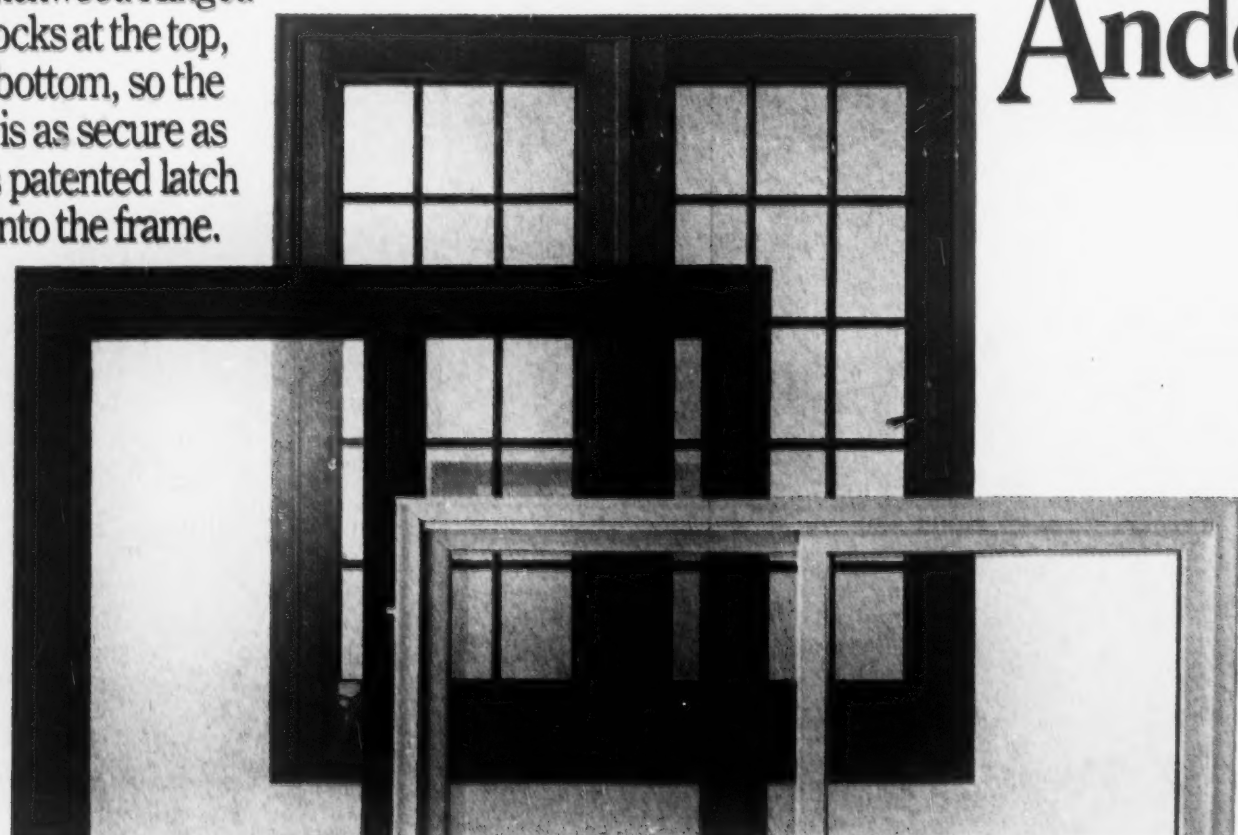
For more information, see your Andersen distributor, or write Andersen Corp., Box 12, Bayport, MN 55003. We'll help you get your hands on and sell patio doors even Mother Nature can't touch.

Come home to quality. Come home to Andersen®.

0136 Copyright © Andersen Corporation, Inc., 1990. All rights reserved.



Andersen



ABOUT THAT "SECURE FEELING."

Most hinged patio doors lock only at the center. The Andersen Frenchwood Hinged Patio Door locks at the top, middle and bottom, so the locked side is as secure as the hinged side. Its patented latch hooks grip deeply into the frame. And when a door latches top to bottom like this, it stays true, it's

Top 350 U.S. retailers outrun home improvement industry growth in 1989

By Tim O'Malley

Like a long-distance runner with a muscle cramp, the U.S. retail home improvement industry broke stride last year, posting its slowest growth in seven years.

According to the U.S. Commerce Department, the industry had 1989 sales of \$79.6 billion, representing an increase of only 1.5 percent over 1988 totals. In the previous year, the industry had 8.4 percent growth.

However, the top 350 firms on this year's *NHCN Retail Scoreboard* increased their volume by a respectable 5.5 percent in 1989, ringing up \$34.7 billion and accounting for more than two-fifths of all building material and hardware store revenues.

Leading this year's pack was Atlanta-based Home Depot, which replaced Lowe's as the industry's sales leader. Another warehouse competitor—Fullerton, Calif.-based HomeClub—broke into the Billion Dollar Club.

Overall, the top 10 companies increased their sales by 11 percent to \$14.8 billion. However, that growth—and the 7 percent gain among the top 100 firms—was slower than in previous years, as the industry as a whole endured depressed economies in the Northeast and South and a nationwide stagnation in home building.

The impact of these and other economic factors was most evident in the anemic sales of independent dealers operating three stores or less, even as a select group of smaller dealers made positive strides towards improving sales and profits (see story, page 76).

It was clear, though, that long-term survival required all retailers to re-evaluate how they went to market and what customers they wanted to pursue:

- The housing slump caused more lumberyards to court DIYers and big home centers such as Lowe's, Home Depot and Payless Cashways to go after remodelers;
- Niche selling, particularly in the areas of millwork and kitchen and bath, went from being "experimental" to a vital part of many retailers' operations;
- Retailers continued to be more "inventory turn" conscious, reviewing product lines more often to weed out slow movers and boost profits. More often than not, dealers opted to stock a broader range of high-margin home decor items;
- Physical growth took a number of forms, as dealers continued to add more selling space to existing units to hype up their productivity. Last year, the average size of stores operated by the top 350 companies increased by about 800 square feet to just under 18,000;
- Even though some companies continue to open new stores, adding units more typically occurred through acquisition, which only served to emphasize the ongoing consolidation of the home improvement industry.

Building slump impacts sales

With home building slumping, many of the industry's contractor-oriented yards had no choice but to turn to DIYers and remodelers for new business.

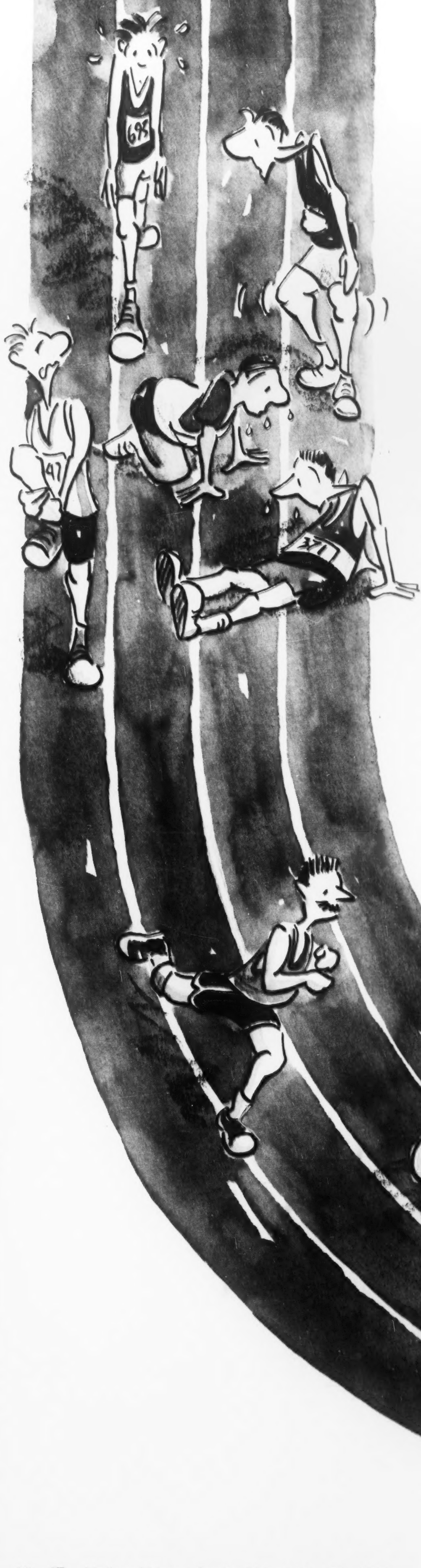
The plight of East Coast Lumber of East Hampstead, N.H., was an extreme example of the slump numerous dealers in the Northeast found themselves in during 1989 as homebuilding fell precipitously there.

East Coast's sales fell to \$25 million last year from \$53 million in 1988. That company was forced to close two of three units. Hoping to stem the problem, the independent went after retail sales and now gets 35 percent of its revenue from consumers compared to 18 percent in the 12 months previous.

Volatility at the top

Perhaps the company most affected by the home building situation last year was the 100-year-old Diamond Lumber, which sold several of its yards in 1989 to BMC West, and cited the home construction fall-off as a factor behind its decision to sell the entire 60-store operation by this summer.

(Continued on page 90)



The NHCN TOP 350 RETAILERS

Rank 1989	Rank 1988	Company	Sales (\$ Millions)			% DIY		Stores			Showroom sq. ft.		SKUs store Average		Employees	
			1989	1988	% Change 1988-1989	1989	1988	1989	1988	proj. 1990	1989	1988	1989	1988	1989	1988
1	2	The Home Depot, Atlanta	2,759	2,000	38	85	85	118	96	150	88,000	86,000	30,000	30,000	17,500	13,000
2	1	Lowe's Cos., North Wilkesboro, N.C.	2,651	2,516	5	62	57	306	296	311	20,324	17,104	18,500	16,000	15,300	14,800
3	3	Payless Cashways, Kansas City, Mo.	2,004	1,900	5	80	90	195	195	196	27,000	27,000	15,000	15,000	16,000	16,000
4	4	Builders Square, San Antonio, Texas*	1,800	1,600	13	70	70	142	133	152	80,000	80,000	26,000	22,000	16,500	15,000
5	6	Hechinger, Landover, Md. ¹	1,230	1,020	21	95	95	107	92	122	60,000	60,000	40,000	40,000	15,000	14,000
6	8	HomeClub, Fullerton, Calif.	1,072	835	28	100	100	58	46	70	100,000	100,000	25,000	25,000	7,500	6,000
7	5	Wickes Lumber, Vernon Hills, Ill.	1,000	1,200	-17	40	40	195	210	195	9,000	9,000	10,000	10,000	6,200	7,500
8	9	Grossman's, Braintree, Mass. ²	801	768	4	80	80	157	246	NA	31,900	31,900	18,000	11,000	5,200	8,100
9	7	84 Lumber, Eighty-Four, Pa.	800	850	-6	40	40	334	369	NA	20,000	20,000	3,000	3,000	3,300	3,200
10	12	Sutherland Lumber, Kansas City, Mo.	726	660	10	75	75	92	85	95	27,000	22,000	18,000	15,000	3,200	2,900
11	13	Menard's, Eau Claire, Wis.	660	620	6	85	85	45	40	50	70,000	70,000	50,000	50,000	3,700	3,300
12	10	Builders Emporium, Irvine, Calif.	630	700	-10	95	90	108	119	108	35,000	35,000	25,000	25,000	6,000	7,200
13	11	Channel Home Centers, Whippany, N.J.	575	675	-15	95	98	90	161	NA	31,025	45,000	30,000	25,000	4,500	8,500
14	14	Scotty's, Winter Haven, Fla.	570	551	3	70	70	165	160	170	50,000	49,000	18,700	16,000	6,800	7,000
15	15	Rickel, South Plainfield, N.J.	503	503	0	100	100	50	51	50	42,000	42,000	28,000	28,000	5,500	5,812
16	16	Pay 'N Pak, Kent, Wash.	462	463	0	100	100	102	105	103	34,000	33,900	15,000	15,000	2,400	2,400
17	17	Handy Andy, Schaumburg, Ill.*	420	370	14	98	98	52	49	NA	68,000	68,000	25,000	25,000	4,500	4,500
18	19	Lanoga, Redmond, Wash. ³	380	327	16	47	50	126	124	130	7,000	7,000	16,000	16,000	2,200	2,090
19	20	Erb Lumber, Birmingham, Mich. ⁴	339	315	8	50	50	51	50	53	12,200	12,000	10,250	10,000	1,700	1,650
20	18	Pergament Home Centers, Melville, N.Y.	307	360	-15	100	100	35	40	39	60,000	40,000	48,000	40,000	3,300	3,000
21	22	Moore's, Roanoke, Va.	300	291	3	50	50	59	59	59	16,000	16,000	12,000	10,000	2,500	2,500
22	23	Central Hardware, Bridgeton, Mo.* ⁵	300	280	7	100	100	38	38	38	65,000	65,000	40,000	40,000	4,200	3,500
23	26	Ernst Home & Nursery, Seattle	275	260	6	100	100	73	73	73	33,000	33,000	25,000	25,000	2,200	2,200
24	27	Wolohan Lumber, Saginaw, Mich.	272	258	5	50	52	48	45	52	24,800	23,000	9,000	8,000	1,690	1,600
25	21	West Building Materials, Atlanta	265	300	-12	50	50	65	68	68	45,000	45,000	20,000	20,000	3,000	3,000
26	24	Diamond Lumber, Dallas ⁶	262	273	-4	20	20	56	64	0	7,300	7,300	8,500	8,500	1,100	1,500
27	25	Carter-Jones Lumber, Kent, Ohio	260	260	0	55	55	146	146	NA	8,000	8,000	8,000	8,000	2,000	2,000
28	28	Orchard Supply Hardware, San Jose, Calif.	250	250	0	80	80	33	31	35	40,000	35,000	45,000	45,000	3,200	3,000
29	29	McCoy's, San Marcos, Texas	243	216	13	70	70	90	86	94	15,000	15,000	7,500	7,500	1,050	1,000
30	32	BMC West, Boise, Idaho	198	166	19	20	25	21	20	30	10,000	10,000	12,000	12,000	1,000	930
31	30	Gerrity Building Centers, Meredith, N.H.	194	194	0	25	23	19	19	19	4,500	4,500	12,000	12,000	721	721
32	33	Terry Companies, Tarzana, Calif.	190	163	17	5	5	13	13	13	5,000	5,000	10,000	10,000	585	530
33	40	Carolina Builders, Raleigh, N.C.	187	122	53	5	5	15	11	22	1,800	1,800	6,000	6,000	700	500
34	37	Dixieline, San Diego	157	137	15	56	48	10	10	11	20,000	20,000	25,000	25,000	950	1,050
35	31	Mr. Goodbuys, Philadelphia	150	180	-17	95	95	15	17	12	75,000	75,000	40,000	40,000	1,300	1,800
36	34	Miron Building Products, Kingston, N.Y.	150	160	-6	15	15	12	12	12	30,000	30,000	NA	NA	830	830
37	39	Meeks Building Centers, Springfield, Mo.	150	122	23	40	40	27	27	29	14,000	14,000	14,000	14,000	600	500
38	35	National Lumber, Fountain Valley, Calif.*	140	152	-8	95	99	21	20	NA	60,000	60,000	24,000	24,000	1,000	1,300
39	38	Western Lumber, National City, Calif.*	140	135	4	18	50	5	10	5	5,000	7,500	6,000	8,000	475	650
40	41	The Andersons, Maumee, Ohio	135	120	13	34	34	6	6	7	120,000	120,000	55,000	50,000	1,500	1,400
41	42	Copeland Lumber Yards, Portland, Ore.	135	115	17	40	40	75	75	77	5,000	5,000	6,000	6,000	700	700
42	36	Strober Organization, Brooklyn, N.Y.	130	145	-10	10	10	12	12	12	15,000	15,000	16,000	16,000	450	500
43	48	Westlake Hardware, Lenexa, Kan.	113	97	16	90	92	54	48	54	22,000	22,000	35,000	35,000	1,200	1,200
44	46	Foxworth-Galbraith, Dallas	105	100	5	40	40	50	50	50	12,000	12,000	12,000	12,000	1,200	1,000
45	47	Edward Hines Lumber, Itasca, Ill.*	100	100	0	40	40	24	24	25	9,000	9,000	8,000	8,000	800	800
46	53	Anderson Lumber, Ogden, Utah	100	90	11	30	30	21	22	22	6,000	6,000	15,000	15,000	600	550
47	55	Seigle's Home & Building Centers, Elgin, Ill.	99	90	10	35	35	6	6	7	27,000	27,000	20,000	24,000	540	520
48	44	Alexander Lumber, Aurora, Ill.	98	107	-8	25	25	50	51	48	5,000	5,000	10,000	10,000	390	390
49	62	A.C. Houston Lumber, Wichita, Kan.	95	80	19	10	10	9	9	9	20,000	20,000	14,000	14,000	400	500
50	45	Lloyd Home & Building Ctrs., Danbury, Conn. ⁷	94	107	-12	75	75	17	36	0	13,000	13,000	12,000	15,000	470	1,000
51	50	Lyman Lumber, Excelsior, Minn.	91	91	0	5	5	4	4	4	2,500	2,500	NA	NA	390	450
52	56	Valu Home Centers, Buffalo, N.Y.	91	85	7	100	100	28	27	28	27,000	27,000	15,000	15,000	850	800
53	49	ACQ, Farmington Hills, Mich.	90	91	-1	85	85	72	72	75	12,500	13,500	20,000	20,000	1,300	1,200
54	52	Hill-Behan Lumber, St. Louis	90	90	0	60	60	34	34	34	12,000	12,000	13,000	13,000	725	750
55	61	Chase-Pitkin, Rochester, N.Y.	90	80	13	95	95	12	11	12	48,000	48,000	30,000	30,000	970	870
56	43	R.F. O'Connor, Braintree, Mass.	89	108	-18	80	80	8	10	8	35,000	45,000	15,000	15,000	450	650
57	58	Wolf Organization, York, Pa.	89	84	6	30	30	32	30	33	1,500	1,500	3,000	3,000	230	210
58	59	Stambaugh-Thompson, Youngstown, Ohio	88	83	6	100	100	21	20	21	27,845	27,500	24,000	20,000	1,350	1,300
59	51	Lampert Lumber, St. Paul, Minn.	86	90	-4	65	60	41	44	41	12,000	12,000	13,000	13,000	750	750
60	64	James Lumber, Huntington Beach, Calif.*	85	80	6	5	5	1	1	1	4,200	4,200	NA	NA	NA	NA
61	66	Seacoast/Pelican Building Centers, Conway, S.C.	85	78	9	25	22	11	11	12	15,000	15,000	15,000	15,000	520	500
62	68	Parr Lumber, Aloha, Ore.*	85	75	13	25	25	9	9	NA	4,000	4,000	15,000	15,000	330	250
63	65	General Building Products, Medford, N.Y.	82	79	4	40	40	10	10	8	6,000	6,000	12,000	12,000	325	320

*NHCN estimate

¹Includes sales from Home Quarters Warehouse and Triangle Building Centers

²Continuing operations after selloff of Moore's and Grossman's NW

³Includes sales from Lumbermen's, Spenards, and United Building Centers

⁴Includes numbers from DIY Warehouse

⁵Central Hardware was purchased by an investment group consisting of Handy Andy, Belgium's GB Group, and Chicago Real Estate firm J.M.B. Inc.

⁶Diamond Lumber expects to fully liquidate the company by summer 1990

⁷Lloyds discontinued operations in Feb. 1990

RETAIL SCOREBOARD

Rank 1989	Rank 1988	Company	Sales (\$ Millions)		% Change 1988-1989	% DIY		Stores		proj. 1990	Showroom sq. ft. Store avg.		SKUs store Average		Employees	
			1989	1988		1989	1988	1989	1988		1989	1988	1989	1988	1989	1988
64	72	Fagen's, Verona, Pa.	81	71	14	20	25	23	15	25	8,000	8,000	10,000	10,000	550	475
65	57	Builderway, Greenville, S.C.	80	85	- 6	15	15	13	14	15	6,000	6,000	8,000	8,000	400	400
66	60	Grossman's Northwest Division, San Carlos, Calif.	80	80	0	95	95	19	28	19	35,000	35,000	12,000	12,000	550	550
67	63	Thompson Building Materials, Orange, Calif.	80	80	0	20	20	9	9	9	25,000	25,000	1,000	1,000	290	290
68	69	Chandler Lumber, Van Nuys, Calif.	80	75	7	5	5	4	4	4	20,000	20,000	17,000	23,000	275	250
69	78	Barr Lumber, Los Alamitos, Calif.	79	62	27	25	20	4	4	5	10,000	10,000	10,000	10,000	250	230
70	67	Busy Beaver, Pittsburgh, Pa.	75	75	0	95	95	16	15	17	25,000	25,000	14,000	14,000	600	600
71	71	Church's Lumber, Utica, Mich.	75	72	4	75	75	16	16	16	20,000	20,000	17,000	17,000	550	550
72	79	Cox Lumber, St. Petersburg, Fla.	72	60	20	20	22	13	13	13	9,000	9,000	8,000	8,000	500	550
73	54	O'Malley's, Phoenix, Ariz.	70	90	-22	30	33	7	10	7	25,000	25,000	20,000	20,000	300	600
74	73	Courtesy Home Centers, Mt. Prospect, Ill.	70	70	0	85	85	6	6	NA	50,000	50,000	35,000	35,000	900	900
75	75	Ganahl Lumber, Anaheim, Calif.	70	66	6	10	11	3	3	3	9,000	9,000	14,000	14,000	425	425
76	77	Henry Bacon Building Materials, Bellevue, Wash.	70	65	8	40	40	5	5	NA	16,000	16,000	13,000	13,000	445	300
77	70	Scherer Brothers, Brooklyn Park, Minn.	68	75	- 9	10	10	3	3	3	3,000	3,000	5,000	8,000	250	275
78	94	Builders Discount, North Hollywood, Calif.	67	50	34	40	40	4	3	5	90,000	85,000	30,000	24,500	500	300
79	80	Lumber City, Van Nuys, Calif.	63	60	5	95	95	10	10	10	34,000	34,000	22,000	22,000	600	600
80	76	Webber Lumber & Supply, Worcester, Mass.*	60	65	- 8	60	60	8	8	8	NA	NA	NA	NA	NA	NA
81	83	Bellevue Builders Supply, Schenectady, N.Y.	59	59	0	34	34	1	1	1	22,000	22,000	15,000	15,000	229	235
82	87	E.C. Barton, Jonesboro, Ark.	59	53	11	40	40	27	27	27	6,000	6,000	8,000	8,000	400	400
83	91	Yardbirds of California, Petaluma, Calif.	59	50	18	90	95	6	6	8	40,000	40,000	17,000	15,000	310	270
84	82	Holmes Lumber, Co., Jacksonville, Fla.	58	60	- 3	4	4	4	4	4	14,000	10,000	16,000	16,000	450	450
85	84	Williams Brothers, Atlanta	58	57	2	30	35	6	10	5	10,000	10,000	14,000	14,000	350	500
86	86	Kogel Giant Building Supply, Middle Island, N.Y.	57	57	0	10	5	7	7	8	8,000	8,000	8,000	7,000	300	300
87	85	Curtis Lumber, Ballston Spa, N.Y.	56	57	- 2	45	45	9	8	9	14,000	14,000	14,000	14,000	270	264
88	81	Haddonfield Lumber, Cherry Hill, N.J.	55	60	- 8	10	10	6	6	6	3,000	3,000	8,000	8,000	240	230
89	89	NHD Stores, Stoughton, Mass.	55	52	6	100	100	36	33	37	16,000	16,000	27,500	27,500	676	616
90	90	Central Michigan Lumber, St. Johns, Mich.	55	52	6	65	65	5	5	5	6,000	6,000	10,000	10,000	150	150
91	95	The Paty Co., Piney Flats, Tenn.	55	49	12	55	55	8	6	8	25,000	20,000	15,000	13,000	500	500
92	74	National Home Center, Springdale, Ark.	53	68	-22	45	45	5	6	5	42,000	42,000	18,000	18,000	415	478
93	111	San Lorenzo Lumber, Santa Cruz, Calif.	51	42	21	40	40	4	4	4	15,000	15,000	NA	NA	190	175
94	93	M.G. Building Materials, San Antonio, Texas	50	50	0	60	65	4	4	4	10,000	10,000	14,500	15,000	100	100
95	92	Goodman Lumber, San Francisco	50	50	0	100	100	4	4	4	50,000	50,000	35,000	35,000	210	220
96	100	Lezzer Lumber, Curwensville, Pa.	50	45	11	60	60	7	6	7	15,000	15,000	15,000	15,000	200	175
97	103	Star Lumber, Wichita, Kan.	50	45	11	47	47	4	3	4	30,000	30,000	35,000	35,000	430	400
98	115	Riverhead Building Supply, Riverhead, N.Y. ⁸	50	40	25	20	20	6	6	6	6,000	6,000	NA	NA	200	200
99	114	Hayward Lumber, Salinas, Calif.	50	40	25	40	36	6	7	6	12,000	12,000	15,000	15,000	212	225
100	164	Golden State Lumber, San Rafael, Calif.	50	30	67	25	25	2	2	2	4,000	4,000	NA	NA	100	100
101	107	Causeway Lumber, Ft. Lauderdale, Fla.	48	44	9	15	15	3	3	3	6,900	6,900	18,000	18,000	325	325
102	98	Fox Lumber, Chicago	47	47	0	50	50	4	4	4	9,000	9,000	10,000	10,000	100	NA
103	96	Woodbury's, Glens Falls, N.Y. ⁹	45	48	- 6	50	50	9	9	NA	9,000	9,000	14,000	12,000	300	300
104	104	Bison Building Materials, Houston	45	45	0	15	15	3	3	3	4,500	4,500	6,000	6,000	100	100
105	108	Standard Supply & Lumber, Grand Rapids, Mich.	45	43	5	30	35	12	12	12	5,000	5,000	12,500	12,500	225	225
106	109	Hancock Co., Casco, Maine	45	42	7	40	40	8	7	9	4,000	4,000	12,000	15,000	250	250
107	99	Feldman Lumber, Brooklyn, N.Y.	44	47	- 6	20	20	3	3	3	5,000	5,000	5,000	NA	150	150
108	106	M.L. Claster & Sons, Bellefonte, Pa.	44	44	0	50	50	11	11	11	12,000	10,000	7,000	7,000	260	260
109	116	Stock Lumber, Green Bay, Wis.	44	40	10	20	20	6	6	NA	NA	NA	15,000	15,000	225	250
110	101	Nassau Suffolk Lumber, Hauppauge, N.Y.	43	45	- 4	30	30	6	6	6	3,000	3,000	10,000	10,000	205	235
111	105	Lampert Yards, St. Paul, Minn.	42	44	- 5	45	45	29	29	29	4,000	4,000	10,000	10,000	210	210
112	110	City Mill, Honolulu	42	42	0	90	80	5	5	5	40,000	40,000	13,000	13,000	376	360
113	113	Plywood Minnesota, Minneapolis	42	40	5	60	60	13	13	14	30,000	30,000	NA	7,500	375	375
114	121	Pine Tree Lumber, Escondido, Calif.	42	39	8	10	20	3	3	3	5,000	5,000	20,000	25,000	180	150
115	132	Piedmont Lumber, Pleasant Hill, Calif.	41	35	17	55	40	5	5	5	15,000	15,000	30,000	30,000	220	209
116	117	Woodhaven Lumber, Point Pleasant Beach, N.J.	40	40	0	25	25	3	2	3	15,000	NA	25,000	NA	195	NA
117	112	Great Plains Supply, St. Paul, Minn.	40	40	0	25	30	35	34	35	4,000	4,000	15,000	10,000	290	250
118	146	Builders Supply, Omaha	40	33	21	11	11	1	1	1	20,000	20,000	25,000	25,000	200	200
119	197	Ridout Lumber, Searcy, Ark.	40	25	60	50	50	9	8	10	11,500	10,000	NA	NA	150	135
120	134	Ply-Marts, Norcross, Ga.	39	35	11	7	7	3	3	3	5,000	5,000	8,000	7,000	250	200
121	122	Bauer Enterprises, Stow, Ohio	38	38	0	60	60	14	14	12	8,000	8,000	10,000	10,000	300	300
122	127	Western Home Center, Cincinnati*	38	37	3	70	70	3	3	NA	13,000	13,000	NA	NA	300	300
123	179	Grove Lumber, Ontario, Calif.	38	28	36	5	5	1	1	1	30,000	30,000	NA	NA	100	100
124	97	Nickerson Lumber, Orleans, Mass.	37	47	-21	25	25	7	7	7	15,000	15,000	17,000	17,000	221	265
125	128	Moser Lumber, Naperville, Ill.	37	37	0	25	25	2	2	2	45,000	45,000	24,000	24,000	225	225
126	102	J.T.'s Home & Builders Centers, Newport, R.I.	36	45	-20	30	30	4	4	4	15,000	15,000	15,000	15,000	200	250
127	118	National Lumber, Newton Highlands, Mass.	36	40	-10	15	10	2	2	3	1,500	1,500	10,000	10,000	70	80
128	119	William M. Young, Wilmington, Del.	36	40	-10	15	15	1	1	1	NA	NA	NA	NA	75	75
129	123	Roper Bros. Lumber, Midlothian, Va.	36	38	- 5	10	10	5	5	5	9,000	9,000	12,000	12,000	200	200
130	143	H.P.M. Building Supply, Hilo, Hawaii	36	33	9	48	48	4	4	4	5,000	5,000	NA	NA	174	154
131	152	Mutual Materials, Bellevue, Wash.	36	31	16	10	10	11	11	11	NA	NA	NA	NA	375	NA
132	126	Builders General Supply, Little Silver, N.J.	35	37	- 5	15	15	4	4	4	2,500	2,500	3,000	3,000	120	130
133	130	Ridge Lumber, Baltimore	35	36	- 3	10	10	1	1	1	NA	NA	NA	NA	110	NA

*NHCN estimate.

⁸2 of Riverhead's 6 stores are Kitchen & Bath showrooms.

⁹Formerly known as Diamond Point Lumber.

RETAIL SCOREBOARD

Rank 1989	Rank 1988	Company	Sales (\$ Millions)		% Change 1988-1989	% DIY		Stores			Showroom sq. ft. Store avg.		SKUs store Average		Employees	
			1989	1988		1989	1988	1989	1988	proj. 1990	1989	1988	1989	1988	1989	1988
134	131	Sinclair Lumber, Laurinburg, N.C.	35	35	0	30	30	7	8	7	13,000	13,000	14,500	14,500	200	200
135	135	Shaw Lumber, St. Paul, Minn.	35	35	0	30	30	2	2	2	20,000	20,000	18,000	18,000	170	170
136	136	Davidson's Industry, Indianapolis*	35	35	0	5	3	1	1	1	7,000	7,000	15,000	15,000	200	200
137	140	Fullerton Lumber, Minneapolis	35	33	6	30	30	26	27	26	8,000	8,000	17,000	17,000	400	400
138	148	Peter Lumber, Pleasantville, N.J.*	35	32	9	25	25	13	13	NA	6,000	6,000	8,000	8,000	110	110
139	156	Champion Lumber, Riverside, Calif.	35	31	13	10	10	1	1	1	10,000	10,000	1,000	1,000	80	80
140	168	Yaeger & Kirk, Santa Rosa, Calif.	35	29	21	25	25	3	3	3	25,000	25,000	23,000	23,000	205	180
141	137	Fingerle Lumber, Ann Arbor, Mich.	34	35	-3	25	25	1	1	1	20,000	20,000	25,000	25,000	150	150
142	138	Thompson Enterprises, Minnetonka, Minn.	34	34	0	80	80	9	8	9	10,000	10,000	35,000	20,000	300	240
143	139	Kempville Lumber, Virginia Beach, Va.	34	34	0	21	25	1	1	2	12,000	12,000	12,000	12,000	170	180
144	141	Babbitt Brothers, Flagstaff, Ariz.	34	33	3	35	35	7	6	8	15,000	9,000	17,000	17,000	250	250
145	147	Spahn and Rose Lumber, Dubuque, Iowa	34	32	6	65	6	23	24	NA	3,500	3,500	15,000	15,000	167	167
146	150	J.C. Snively & Sons, Landisville, Pa.	33	32	3	15	15	3	2	3	10,000	10,000	NA	NA	240	255
147	166	All American Home Center, Downey, Calif.	33	30	10	100	100	1	1	1	140,000	140,000	90,000	95,000	325	325
148	183	Midpac Lumber, Honolulu	33	27	22	25	25	1	1	1	5,000	5,000	5,800	5,800	175	170
149	120	Masten Lumber, Milford, Del.	32	39	-18	28	30	7	7	7	19,000	14,500	15,000	15,000	204	210
150	145	Raymond Building Supply, N. Fort Myers, Fla.	32	33	-3	5	5	3	3	3	10,000	10,000	3,000	3,000	235	255
151	149	Moynihan North Reading Lumber, N. Reading, Pa.	32	32	0	25	25	2	2	NA	6,000	6,000	10,000	10,000	120	130
152	163	Millard Lumber, Omaha, Neb.	32	30	7	25	25	3	3	3	19,000	19,000	32,000	25,000	215	200
153	176	Learned Lumber, Hermosa Beach, Calif.	32	28	14	12	15	2	2	2	4,500	4,500	20,000	20,000	84	80
154	155	Thompson Lumber, Brooklyn Center, Minn.	31	31	0	5	5	2	2	2	5,000	5,000	4,500	4,500	75	65
155	153	Builderama, Savannah, Ga.	31	31	0	80	80	9	10	9	35,000	30,000	21,000	21,000	350	400
156	158	Rigg's Supply, Kennett, Mo.	31	30	3	75	75	8	8	8	20,000	20,000	9,000	9,000	145	145
157	160	H&E DIY Centers, Victorville, Calif.	31	30	3	96	96	6	6	7	35,000	35,000	35,000	35,000	400	275
158	169	Friedman Brothers, Santa Rosa, Calif.*	31	29	7	70	70	1	1	1	NA	NA	NA	NA	NA	NA
159	177	Richardson Industries, Sheboygan Falls, Wis.	31	28	11	30	30	2	2	2	13,000	13,000	10,000	10,000	210	160
160	125	LaValley Building Supply, Newport, N.H.	30	37	-19	38	38	5	5	5	7,000	7,000	30,000	30,000	150	170
161	129	Continental Lumber, West Haven, Conn.	30	36	-17	10	10	2	2	2	2,000	2,000	5,000	5,000	50	60
162	133	Pease Co., Hamilton, Ohio	30	35	-14	15	15	5	5	6	7,000	7,000	6,000	6,000	200	225
163	144	Big Creek Lumber, Davenport, Calif.	30	33	-9	25	25	3	3	3	10,000	10,000	30,000	30,000	180	180
164	165	Midland Lumber & Supply, Midland Park, N.J.	30	30	0	30	30	2	2	2	2,500	2,500	18,000	15,000	150	150
165	159	Century Supply, Lombard, Ill.	30	30	0	50	50	8	7	8	8,000	6,000	20,000	20,000	220	175
166	157	International Paper, Overland Park, Kan.*	30	30	0	45	45	9	9	NA	6,000	6,000	10,000	10,000	140	140
167	213	Home Lumber, San Bernadino, Calif.	30	25	20	50	50	2	2	2	16,000	16,000	5,000	5,000	85	80
168	216	Westside Building Materials, Anaheim, Calif.*	30	25	20	10	10	1	1	NA	NA	NA	NA	NA	NA	NA
169	161	Jaeger Lumber, Union, N.J.	29	30	-3	35	40	5	5	5	8,000	8,000	8,700	8,700	125	125
170	170	TAPJAC, Carthage, Mo.	29	28	4	55	60	16	16	16	12,000	12,000	12,500	12,500	350	330
171	180	Big Blue Stores, Seymour, Ind.	29	27	7	70	70	16	15	16	15,000	15,000	40,000	40,000	255	245
172	190	Frierson Building Supply, Jackson, Miss.	29	26	12	40	40	1	1	1	NA	NA	NA	NA	175	175
173	226	Hammond Lumber, Belgrade, Maine	29	24	21	40	40	4	3	4	8,500	7,600	4,000	4,000	150	105
174	142	Lester Group, Martinsville, Va.	28	33	-15	37	33	4	5	4	10,250	10,250	7,000	6,500	165	175
175	154	Hinckley Home Centers, Hyannis, Mass.	28	31	-10	45	38	4	4	4	8,500	8,500	24,000	24,000	155	170
176	174	Panning Lumber, Orlando, Fla.	28	28	0	5	5	5	6	5	1,200	1,200	4,500	4,500	200	225
177	171	Lumber Headquarters, Floral Park, N.Y.	28	28	0	80	80	13	13	13	5,000	5,000	6,000	6,000	225	225
178	192	Calcasieu Lumber, Austin, Texas	28	26	8	2	2	1	1	2	14,000	10,000	13,500	13,500	160	135
179	207	Kaplan Lumber, St. Peter's, Mo.	28	25	12	1	1	2	2	2	10,000	10,000	10,000	10,000	80	75
180	196	Marvin's, Inc., Trussville, Ala.*	28	25	NA	50	50	10	8	12	22,000	22,000	NA	NA	NA	350
181	203	Levy's Building Centers, Louisville, Ky.	27	25	8	95	95	4	4	5	60,000	60,000	25,000	25,000	300	300
182	204	Great Central Lumber, St. Louis, Mo.	27	25	8	10	10	4	4	4	5,500	5,500	7,500	7,500	135	135
183	205	Simon Stores, Walnut Creek, Calif.	27	25	8	100	100	3	3	NA	50,000	50,000	NA	NA	350	350
184	269	Central Valley Builders Supply, St. Helena, Calif.	27	20	35	30	35	2	2	2	13,500	13,500	17,500	17,000	155	140
185	151	The Level Line, Lakewood, N.J.	26	32	-19	20	30	2	2	2	6,000	6,000	NA	NA	135	200
186	178	Wallich Lumber, Detroit, Mich.	26	28	-7	15	15	1	1	1	14,000	14,000	2,200	2,200	100	100
187	173	Mack Industries, Hollywood, Fla. ¹⁰	26	28	-7	10	10	6	6	7	3,000	3,000	NA	NA	NA	200
188	172	Choo Choo Supply, Vidalia, Ga.	26	28	-7	35	35	7	7	7	8,000	8,000	3,000	2,600	120	120
189	181	Guy C. Lee Building Materials, Smithfield, N.C.	26	27	-4	25	25	6	6	6	6,000	6,000	NA	NA	100	100
190	186	Alamo Lumber, San Antonio, Texas	26	26	0	60	55	13	13	13	3,500	3,500	4,500	4,500	260	260
191	187	Consolidated Lumber, Stillwater, Minn.	26	26	0	25	25	9	9	9	2,000	2,000	1,500	1,500	120	120
192	188	Rocky's Home Center, Springfield, Mass.	26	26	0	80	90	8	8	8	17,000	17,000	30,000	30,000	185	185
193	185	Thurman Industries, Kirkland, Wash.	26	26	0	80	80	15	15	15	15,000	15,000	10,000	10,000	140	140
194	193	C&C Builders Supplies, Tarrs, Pa.	26	26	2	45	45	1	1	1	25,000	25,000	18,000	18,000	62	62
195	210	Stattlenyer & Shoemaker Lumber, Sarasota, Fla.*	26	25	4	10	10	2	2	NA	10,000	10,000	9,000	9,000	200	200
196	195	Herrmann Lumber, Springfield, Mo.	26	25	4	40	40	10	10	10	8,000	8,000	10,000	10,000	163	160
197	214	A.H. Angerstein, Wilmington, Del.	26	25	4	30	30	2	2	2	100,000	100,000	30,000	30,000	170	190
198	217	Mead Clark Lumber, Santa Rosa, Calif.*	26	25	4	15	16	1	1	NA	22,000	22,000	15,000	16,000	70	75
199	227	Stripling Blake Lumber, Austin, Texas	26	24	8	30	30	2	2	2	30,000	30,000	35,000	35,000	185	170
200	225	P.E. Dolan Lumber, Pinole, Calif.	26	24	8	50	50	4	3	4	15,000	12,000	3,000	3,000	175	100
201	234	R.P. Lumber, Edwardsville, Ill.	26	22	18	35	35	9	6	10	9,000	9,000	18,000	18,000	112	80
202	88	East Coast Lumber, East Hampstead, N.H.	25	53	-53	35	18	1	3	1	5,000	5,000	10,000	15,000	50	210
203	162	Shelly Enterprise, Souderton, Pa.*	25	30	-17	30	30	4	3	4	8,500	5,300	20,000	20,000	185	185

*NHCN estimate

¹⁰Rinker Industries has sold one Mack Lumber unit to its pres. and is divesting its other five stores

RETAIL SCOREBOARD

Rank 1989	Rank 1988	Company	Sales (\$ Millions)			% Change		% DIY		Stores			Showroom sq. ft.		SKUs store Average		Employees	
			1989	1988	1988-1989	1989	1988	1989	1988	1989	1988	proj. 1990	1989	1988	1989	1988	1989	1988
204	200	W.H. Conyngham & Co., Wilkes Barre, Pa.	25	25	0	12	12	7	6	7			5,000	4,000	14,000	14,000	115	110
205	211	Gulf Stream Lumber, Boynton Beach, La.	25	25	0	10	10	3	2	3			8,500	8,500	20,000	20,000	170	170
206	212	Lumber City, Inc., Chesapeake, Va.	25	25	0	5	10	2	2	2			4,000	4,000	10,000	10,000	95	75
207	206	The Country Lumber Co., Santa Barbara, Calif.	25	25	0	25	10	2	2	2			NA	NA	NA	NA	60	60
208	194	T.H. Rogers Lumber, Oklahoma City	25	25	0	65	65	30	30	30			3,000	3,000	15,000	15,000	175	175
209	199	Hacienda Home Centers, Albuquerque, N.M.*	25	25	0	90	90	6	6	6			21,000	21,000	18,000	18,000	280	280
210	202	Southampton Lumber, Southampton, N.Y.	25	25	0	15	15	5	5	5			6,000	6,000	12,000	12,000	90	110
211	218	F.E. Wheaton & Co., Wheaton, Ill.*	25	25	0	10	10	1	1	NA			15,000	15,000	4,000	4,000	80	80
212	231	Lappo Lumber, Fruitport, Mich.	25	23	9	40	40	2	2	2			14,000	14,000	20,000	20,000	85	85
213	241	Hughes Lumber, Tulsa, Okla.	25	21	19	75	75	10	10	11			12,000	12,000	12,000	9,500	200	180
214	258	Ziegler Building Centers, Spokane, Wash.	25	20	25	85	85	9	8	9			10,000	10,000	3,000	2,750	125	110
215	175	Kesseli & Morse Co., Worcester, Mass.	24	28	-14	10	10	4	4	4			2,750	2,750	4,500	4,500	60	60
216	182	Cleveland Builders Supply, Cleveland	24	27	-11	15	15	6	6	6			6,000	6,000	NA	NA	90	90
217	220	Manis Lumber (Wheeler's), Rome, Ga.	24	24	0	36	36	8	7	9			6,500	8,000	8,500	10,000	140	129
218	223	Babcock Building Supply, Melbourne, Fla.	24	24	0	40	40	6	6	6			30,000	30,000	25,000	25,000	220	220
219	219	Elk Supply, Clinton, Okla.	24	24	0	80	80	18	17	19			12,000	12,000	30,000	30,000	125	125
220	230	Broadway Lumber, New York	24	23	4	50	50	4	4	4			8,000	8,000	10,000	10,000	120	130
221	291	McLendon Hardware, Renton, Wash.	24	18	33	85	85	3	3	3			75,000	45,000	70,000	60,000	120	100
222	294	Marling Lumber, Madison, Wis.	24	18	33	25	25	2	2	2			NA	NA	NA	NA	NA	NA
223	189	Albert R. Lavalley, Sanford, Maine	23	26	-12	25	25	3	3	3			6,000	6,000	11,000	16,000	150	165
224	209	Cedarburg Lumber, Cedarburg, Wis.	23	25	-8	20	20	2	2	2			7,000	7,000	11,500	11,500	110	105
225	221	Cramer's Building Centers, E. Stroudsburg, Pa.	23	24	-4	70	70	7	7	7			8,000	8,000	9,000	9,000	130	120
226	229	Scott Lumber, Bridgeport, Ohio	23	23	0	55	60	9	9	9			10,000	10,000	15,000	15,000	250	235
227	246	Stine Lumber, Sulphur, La.	23	21	10	65	60	4	4	4			18,000	14,000	11,000	8,000	180	180
228	262	Dykes Lumber, Weehawken, N.J.	23	20	15	25	25	6	6	6			3,000	3,000	5,000	5,000	100	100
229	330	Lee Lumber & Building Materials, Chicago	23	15	53	15	15	2	1	2			12,000	12,000	17,000	15,000	135	NA
230	124	Fairfield Lumber, Fairfield, Conn.	22	38	-42	10	10	3	3	4			5,000	5,000	15,000	15,000	110	130
231	191	Cofer Brothers, Tucker, Ga.	22	26	-15	30	30	1	1	1			6,000	6,000	10,000	10,000	85	85
232	198	Brookhart, Inc., Colorado Springs, Colo.	22	25	-12	40	30	7	7	7			10,000	10,000	30,000	30,000	100	100
233	201	Narrowsburg Lumber, Narrowsburg, N.Y.	22	25	-12	30	35	5	5	10			3,000	3,000	NA	NA	94	100
234	224	Big Tin Barn, Diboll, Texas	22	24	-8	30	30	4	4	4			5,000	5,000	10,000	10,000	90	90
235	238	Yankee Supply Corp., Hollis, N.Y.	22	22	0	35	30	3	3	3			2,000	2,000	35,000	35,000	50	60
236	233	Robertson Cos., Grand Forks, N.D.	22	22	0	67	67	25	22	25			3,000	3,000	15,000	15,000	155	155
237	237	Walter & Jackson, Inc., Christiana, Pa.	22	22	0	11	13	3	3	5			3,000	NA	5,500	5,000	111	117
238	248	Matt's Cash & Carry Building Mat'ls., Pharr, Texas	22	21	5	50	50	2	2	2			21,000	21,000	NA	NA	170	153
239	247	John H. Myers & Son, Inc., York, Pa.	22	21	5	20	20	3	3	3			7,000	7,000	NA	NA	100	100
240	312	Home of Economy, Inc., Grand Forks, N.D.	22	16	38	15	15	5	5	5			50,000	50,000	NA	NA	220	200
241	240	Lummas Supply, Atlanta	22	22	0	25	30	4	4	5			8,000	8,000	8,000	8,000	58	58
242	208	Fairfax Lumber & Millwork, Springfield, Va.	21	25	-16	10	10	2	2	2			7,500	7,500	5,000	5,000	109	130
243	228	General Builders Supply, Norwood, Mass.	21	24	-13	20	10	1	1	1			5,000	5,000	NA	NA	50	50
244	222	East Coast Lumber, Fort Pierce, Fla.	21	24	-13	20	30	6	6	6			7,000	7,000	12,000	12,000	130	130
245	239	Ruffin & Payne, Richmond, Va.	21	22	-5	10	10	1	1	1			1,200	1,200	3,800	3,800	140	140
246	243	Kuesters, Inc., Evansville, Ind.	21	21	0	90	90	9	8	9			15,000	15,000	25,000	25,000	200	200
247	242	Ellsworth Builders Supply, Ellsworth, Maine	21	21	0	30	35	8	8	8			NA	NA	5,700	4,500	78	100
248	259	Gee Lumber, Chicago	21	20	5	68	70	8	7	9			30,000	30,000	36,000	40,000	300	320
249	261	Al Meier's Building Centers Inc., Tacoma, Wash.	21	20	5	50	50	6	6	6			10,000	10,000	15,000	15,000	100	90
250	275	A.L. Kilgo Co., Honolulu	21	20	5	30	35	1	1	1			300,000	300,000	NA	NA	160	160
251	265	Supply One, Inc., Reno, Nev.	21	20	5	80	80	3	3	4			60,000	60,000	30,000	30,000	170	170
252	283	W.T. Harvey Lumber, Columbus, Ga.	21	19	11	25	25	4	4	4			10,000	10,000	30,000	30,000	155	150
253	311	Dill's Best Building Centers, Peekskill, N.Y.	21	16	31	60	60	6	6	7			10,000	10,000	10,000	10,000	130	130
254	167	Stacy Building Materials, Mobile, Ala.	20	29	-31	50	55	4	6	4			22,000	22,000	17,000	17,000	100	175
255	232	Douglas Lumber, Smithfield, R.I.	20	23	-13	25	20	1	1	1			3,000	3,000	13,000	10,000	100	90
256	235	Whelan's, Topeka, Kan.	20	22	-9	50	50	3	3	3			16,000	16,000	25,000	25,000	135	135
257	252	Riemeier Lumber Co., Cincinnati	20	21	-5	10	10	1	1	1			3,000	3,000	2,000	2,000	55	50
258	251	Devlin Lumber & Supply, Rockville, Md.	20	21	-5	10	10	1	1	1			NA	NA	10,000	10,000	85	85
259	256	Bomgaars Supply, Sioux City, Iowa	20	20	0	50	50	11	11	11			25,000	25,000	2,400	2,400	250	200
260	274	Naples Lumber, Naples, Fla.	20	20	0	10	10	1	1	1			5,000	5,000	NA	NA	100	100
261	272	Wilson Lumber, Huntsville, Ala.	20	20	0	10	10	2	2	2			10,000	10,000	14,000	14,000	165	165
262	271	Thomas W. Perry, Chevy Chase, Md.	20	20	0	30	30	2	2	2			17,000	17,000	30,000	30,000	125	125
263	255	Sterling Lumber, Denver	20	20	0	20	20	11	11	11			2,300	2,300	7,000	7,000	100	100
264	263	A.J. Smith Co., Nashville, Tenn.	20	20	0	10	10	5	5	NA			10,000	10,000	4,000	4,000	80	90
265	273	O.C. Cluss Lumber, Uniontown, Pa.	20	20	0	50	50	2	2	3			16,500	16,500	12,000	10,600	120	120
266	254	The Chicago Lumber Co. of Omaha, Omaha, Neb.	20	20	0	25	25	16	16	16			NA	NA	NA	NA	140	140
267	257	J.H. Patterson Co., Rockford, Ill.	20	20	0	15	15	9	9	10			1,200	1,200	NA	NA	90	90
268	267	Jordan & Bradley Building Supply, Columbus, Ga.	20	20	0	7	7	3	3	3			6,500	6,500	NA	NA	100	100
269	268	Economy Building Materials, Denver	20	20	0	40	40	3	3	3			10,000	10,000	13,000	13,000	120	130
270	266	Elliott Hardware, Elm Grove, Wis.	20	20	0	90	90	3	3	3			32,000	32,000	75,000	35,000	260	260
271	270	Olshan Lumber, Houston	20	20	0	65	65	2	2	2			30,000	30,000	15,000	15,000	100	100
272	280	The Estate of George Snyder, Hatfield, Pa.	20	20	0	93	93	1	1	1			35,000	35,000	33,000	33,000	100	50
273	276	Buena Park Lumber, Buena Park, Calif.	20	20	0	20	25	1	1	1			28,000	26,000	29,000	29,000	115	100

*NHCN estimate

RETAIL SCOREBOARD

Rank 1989	Rank 1988	Company	Sales (\$ Millions)			% DIY		Stores			Showroom sq. ft.		SKUs store Average		Employees	
			1989	1988	% Change 1988-1989	1989	1988	1989	1988	proj. 1990	1989	1988	1989	1988	1989	1988
274	260	Standard of Beaverdale, Inc., W. Burlington, Iowa*	20	20	0	25	25	5	6	2	NA	NA	30,000	30,000	95	100
275	253	Bloedorn Lumber, Torrington, Wyo.	20	20	0	30	30	19	17	19	7,000	7,000	35,000	35,000	150	120
276	284	INR Beatty Lumber, Oak Lawn, Ill.	20	19	5	20	20	3	3	3	18,000	18,000	4,000	3,700	72	67
277	288	Chris & Dick's, Salt Lake City	20	19	5	90	90	1	1	1	60,000	60,000	23,000	23,000	180	180
278	289	E.D. Adkins & Co., Salisbury, Md.	20	18	11	30	27	7	7	7	9,000	9,000	10,000	10,000	150	150
279	300	Truitt & White Lumber, Berkeley, Calif.	20	18	11	35	35	1	1	1	7,500	7,500	19,000	19,000	100	100
280	303	Higginbotham Bartlett Co., Lubbock, Texas*	20	17	18	40	40	37	39	37	30,000	30,000	12,000	10,000	150	150
281	245	Steenbeke & Sons, Boscawen, N.H.	19	21	-10	25	25	7	6	7	15,000	15,000	20,000	20,000	138	130
282	287	Stan's Lumber, Twin Lakes, Wis.	19	19	0	40	40	2	2	3	5,000	4,000	3,000	3,000	72	65
283	282	Knight Home Center, Evansville, Ind.	19	19	0	30	30	5	5	4	12,000	12,000	13,000	12,600	105	103
284	296	Crissey-Fowler Lumber, Colorado Springs, Colo.*	19	18	6	15	15	1	1	NA	30,000	30,000	18,000	18,000	100	100
285	184	Nonantum Lumber, Watertown, Mass.	18	27	-33	40	40	1	1	1	32,000	32,000	27,000	27,000	60	105
286	215	Moodus Lumber, Moodus, Conn.	18	25	-28	35	35	1	1	1	2,400	2,400	10,000	10,000	75	70
287	250	Mayfair Lumber, Chicago	18	21	-14	5	5	1	1	1	NA	NA	NA	NA	60	60
288	244	Conklin & Strong, Warwick, N.Y.	18	21	-14	65	65	8	7	8	31,000	26,075	3,200	2,500	87	116
289	279	Kleet Lumber, Huntington, N.Y.	18	20	-10	7	7	1	1	1	3,600	3,600	NA	NA	47	47
290	277	Somerville Lumber, Bridgewater, N.J.	18	20	-10	30	25	1	1	NA	17,000	17,000	15,000	15,000	62	68
291	285	Economy Builders Supply, Sandy, Utah	18	19	-5	40	40	3	3	3	16,000	16,000	5,000	5,000	165	165
292	297	Dooley's Hardware, Long Beach, Calif.	18	18	0	77	77	1	1	1	22,500	22,500	NA	NA	170	190
293	295	Christy's Supplies, Medford, N.J.	18	18	0	20	15	3	2	3	20,000	12,000	40,000	35,000	145	100
294	290	Big L Corp., Sheridan, Mich.	18	18	0	50	50	5	5	5	70,000	60,000	7,600	7,600	74	74
295	298	Barrons Gaithersburg Lumber, Gaithersburg, Md.	18	18	0	20	20	1	1	1	20,000	20,000	16,500	16,000	90	89
296	292	Matthews & Fields Lumber, Rochester, N.Y.	18	18	0	10	10	2	2	2	2,000	2,000	NA	NA	100	100
297	306	Potter's Shopping Center, Jamestown, Tenn.	18	17	6	45	45	7	6	8	6,500	6,500	NA	NA	125	115
298	307	Tulnoy Lumber, New Rochelle, N.Y.	18	17	6	3	2	2	2	2	NA	NA	NA	NA	80	80
299	304	Whipple Brothers, Tunkhannock, Pa.	18	17	6	50	50	9	9	10	6,000	6,000	2,400	2,300	80	88
300	318	Jay-K Lumber, New Hartford, N.Y.	18	16	13	50	45	1	1	1	50,000	50,000	30,000	30,000	110	110
301	302	Cassidy Jones Lumber, Longview, Texas	18	18	0	30	30	6	6	7	12,000	12,000	11,000	11,000	110	110
302	236	Daniels-McCray Lumber, Kansas City, Mo.	17	22	-23	4	4	3	3	3	3,000	3,000	9,000	9,000	148	148
303	249	Friend Building Centers, Lowell, Mass.	17	21	-19	50	50	2	2	2	8,000	8,000	10,000	10,000	90	115
304	281	G.V. Moore Lumber, Ayer, Mass.	17	19	-11	42	42	6	6	6	30,000	30,000	22,000	22,000	130	150
305	293	Topeka Lumber, Topeka, Kan.	17	18	-6	15	15	2	2	2	20,000	20,000	NA	NA	55	55
306	309	'R' Lumber Center, Edgewater, Md.	17	17	0	15	15	1	1	1	2,500	1,500	7,000	4,500	100	85
307	305	Zarsky Lumber, Victoria, Texas	17	17	0	30	30	6	6	6	6,000	5,000	NA	NA	120	110
308	308	Arcadia Lumber, Arcadia, Calif.	17	17	0	20	20	2	2	2	NA	NA	25,000	25,000	85	80
309	313	Lumber Investors, Inc., Alexandria, La.	17	16	6	29	30	4	4	4	10,000	10,000	10,000	10,000	81	81
310	316	Triangle Wholesale Building Supply, Fayetteville, N.C.	17	16	6	15	15	2	2	2	18,500	18,500	15,500	15,000	126	125
311	310	The Gordon Lumber Co., Oak Harbor, Ohio	17	16	6	40	40	8	8	9	5,000	5,000	14,000	14,000	100	100
312	321	Bender Lumber, Bloomington, Ind.*	17	15	13	60	60	6	5	6	NA	NA	18,000	NA	280	280
313	278	Geiger Lumber & Supply, Tallman, N.Y.	16	20	-20	15	15	1	1	1	14,000	3,000	NA	NA	65	70
314	286	Snow Lumber & Home Decorating, High Point, N.C.	16	19	-16	30	30	2	2	2	22,000	22,000	12,000	12,000	135	135
315	299	H.G. Page & Sons, Poughkeepsie, N.Y.	16	18	-11	35	35	1	1	1	21,000	21,000	NA	NA	85	105
316	319	Building Material Supply, Tucker, Ga.*	16	16	0	5	5	1	1	NA	NA	NA	NA	NA	NA	NA
317	329	Elmsford Building Materials, Elmsford, N.Y.*	16	15	7	10	10	1	1	NA	3,200	3,200	1,500	1,450	70	67
318	324	Butz Building Centers, Palmerton, Pa.	16	15	7	50	50	4	4	5	6,000	6,000	16,000	14,400	104	85
319	320	Degol Brothers Lumber, Gallitzin, Pa.	16	15	7	50	50	7	5	6	5,000	5,000	NA	NA	170	150
320	344	Mortimer & Son Lumber, Port Huron, Mich.	16	12	33	40	40	4	4	4	9,000	9,000	12,000	12,000	70	60
321	264	N.T. Fox Co., Portland, Maine	15	20	-25	35	25	4	4	4	10,000	2,500	6,000	6,000	80	80
322	301	Aaron's Lumber, Bakersfield, Calif.	15	18	-17	4	5	1	1	1	60,000	60,000	9,000	12,000	100	130
323	325	Vannote Lumber, Point Pleasant, N.J.*	15	15	0	20	20	3	3	NA	NA	NA	NA	NA	NA	NA
324	328	Montalbano Lumber, Houston*	15	15	0	35	35	2	2	2	10,000	10,000	15,000	15,000	80	80
325	333	Randall Brothers, Atlanta	15	15	0	20	20	1	1	1	NA	NA	NA	NA	150	150
326	331	Sackett & Peters, Whittier, Calif.	15	15	0	98	100	1	1	1	120,000	120,000	38,000	37,000	120	120
327	323	Newkirk's Ace Hardware, Rapid City, S.D.	15	15	0	60	60	4	4	6	20,000	20,000	45,000	45,000	120	120
328	326	Clay Ingles Co., Lexington, Ky.	15	15	0	10	10	2	2	2	1,500	1,500	NA	NA	55	55
329	322	West Elizabeth Lumber, Elizabeth, Pa.	15	15	0	5	5	5	5	5	5,000	5,000	NA	NA	80	80
330	336	Fort Myers Lumber & Supply, Fort Myers, Fla.	15	14	7	5	5	1	1	1	10,000	10,000	1,200	1,200	115	115
331	335	Brosius-Ellason, New Castle, Del.*	15	14	7	60	60	4	4	NA	8,000	8,000	12,000	12,000	NA	NA
332	338	American Home & Hardware, Elkton, Md.	15	13	15	40	40	2	2	2	27,000	27,000	33,000	33,000	105	97
333	337	Alpine Lumber, Denver	15	13	15	12	10	4	5	4	2,000	2,000	14,000	14,000	55	62
334	347	Columbia Lumber & Mfg., Columbia, S.C.*	15	12	25	5	5	3	2	3	1,000	1,000	4,000	4,000	55	55
335	345	Theut Products, Inc., Mount Clements, Mich.	15	12	25	35	35	4	4	4	10,000	10,000	NA	NA	115	110
336	317	N.B. Goodwyn & Sons, Chesterfield, Va.	15	16	-6	1	1	1	1	1	850	850	5,000	5,000	70	65
337	315	Mullen Lumber, Sudbury, Mass.	14	16	-13	25	25	2	3	2	8,000	10,000	NA	NA	45	60
338	314	United Building Supply, Anchorage, Alaska	14	16	-13	35	35	3	4	3	10,000	10,000	19,000	NA	70	75
339	332	Eastern Lumber, Amesbury, Mass.	14	15	-7	30	20	1	1	1	30,000	30,000	15,500	25,000	46	60

*NHCN estimate

RETAIL SCOREBOARD

Rank 1989	Rank 1988	Company	Sales (\$ Millions)		% Change 1988-1989	% DIY		Stores			Showroom sq. ft. Store avg.		SKUs store Average		Employees	
			1989	1988		1989	1988	1989	1988	1990	1989	1988	1989	1988	1989	1988
340	334	Serv-U Hardware Home Centers, Springfield, Mass.	14	14	0	75	75	9	9	9	7,500	7,500	15,000	15,000	135	95
341	343	Elliott's Hardware, Dallas	14	13	8	60	60	1	1	1	55,000	55,000	60,000	54,000	125	120
342	342	Chopp & Co., Brandywine, Md.	14	13	8	5	5	1	1	1	6,000	NA	850	850	20	20
343	348	Matthew Hall Lumber, North St. Cloud, Minn.	14	12	17	25	25	1	1	1	15,000	15,000	NA	NA	60	50
344	349	Handyman Home Center, Fairborn, Ohio	14	11	27	90	90	8	7	8	17,000	17,000	NA	NA	130	110
345	350	Scarborough Lumber, Scotts Valley, Calif.	14	11	27	50	50	4	4	4	6,500	6,500	30,000	30,000	125	125
346	327	Hamshaw Lumber, Keene, N.H.	13	15	-13	40	40	2	2	2	18,000	18,000	16,000	16,000	46	55
347	341	O'Fallon Lumber & Supply, O'Fallon, Mo.	13	13	0	85	85	1	1	1	10,000	10,000	5,500	5,500	50	54
348	339	Sawyer Cleator Lumber, Osseo, Minn.	13	13	0	5	6	2	2	2	1,200	1,200	3,500	3,500	45	65
349	346	J.C. Balderidge Lumber, Albuquerque, N.M.	13	12	8	50	50	3	3	2	12,000	12,000	NA	NA	155	160
350	340	O'Neill Lumber, East St. Louis, Ill.	12	13	-8	5	5	1	1	1	2,000	2,000	1,200	1,200	65	60
—	351	Armstrong Building Materials, Los Angeles	12	11	9	100	100	1	1	1	23,000	23,000	30,000	30,000	100	100
—	352	Earl Latsha Lumber, Harrisburg, Pa.	12	11	9	23	20	1	1	1	40,000	20,000	6,500	6,500	56	56
TOP 10 TOTALS AND AVERAGES			14,843	13,349	11.2	74	73	1,704	1,768		46,322	45,300	21,500	20,100	105,700	100,500
TOP 25 TOTALS AND AVERAGES			21,101	19,622	7.5	76	76	2,811	2,950		42,250	41,476	23,478	22,160	159,890	158,752
TOP 50 TOTALS AND AVERAGES			24,976	23,303	7.2	71	71	3,618	3,775		32,117	31,680	20,159	19,580	183,651	183,623
TOP 100 TOTALS AND AVERAGES			28,437	26,634	6.8	68	68	4,221	4,379		25,464	25,212	17,040	16,700	205,158	204,956
TOP 150 TOTALS AND AVERAGES			30,347	28,498	6.5	66	66	4,560	4,714		21,545	21,184	15,765	15,322	215,795	214,761
TOP 200 TOTALS AND AVERAGES			31,764	29,894	6.3	65	64	4,815	4,966		19,779	19,433	14,908	14,524	223,734	223,038
TOP 250 TOTALS AND AVERAGES			32,921	31,084	5.9	64	63	5,097	5,235		19,119	18,684	14,465	14,141	230,096	229,375
TOP 300 TOTALS AND AVERAGES			33,888	32,073	5.7	63	62	5,327	5,464		18,749	18,300	14,438	13,990	235,833	235,072
TOP 350 TOTALS AND AVERAGES			34,675	32,860	5.5	62	62	5,479	5,614		18,086	17,577	13,919	13,435	240,530	239,767
Total Home Center/Bldg Mat'l Sales**			67,563	66,605	1.6											
Total Hardware Store Sales**			12,049	11,862	1.5											
Total Home Improvement Sales			79,612	78,467	1.5											

*NHCN estimate

**Source: Dept. of Commerce

Census Methodology

In our continuing effort to better assess the performance of smaller, independent operators, *National Home Center News* has expanded its Annual Census to include the top 350 companies, ranked by sales, in the home center industry.

The figures for sales, stores, showroom square footage, stockkeeping units and employees were obtained by NHCN's staff from officials of the respective companies either by phone or Fax machine.

All sales figures are rounded to the nearest millions dollars; square footage is rounded to the nearest foot; and all percentages were rounded to the nearest whole number. In nearly all cases the numbers given are for the calendar years listed.

Generally the information came from that company's president, general manager, controller or vp-finance. Information was also gathered from annual reports or figures released to *Dun & Bradstreet*.

In instances where estimates were made, NHCN relied on the reporter's knowledge of that company, how its competition fared and what the company's performance was the previous year. In devising these estimates, NHCN attempted to be as conservative as possible.

In all cases, the companies were ranked according to their sales for the year 1989. In cases where two or more companies had the same sales, the companies are listed in descending order based on their sales in 1988.

Readers who notice some discrepancies from what NHCN published last year should be alerted to the fact that some companies chose to update the figures they reported to this newspaper last year. In these instances we published the updated numbers.

With so many private companies operating in the industry today, NHCN's Annual Census has strive to reflect most accurately the information the companies on the chart are reporting for the most current year. ♦



Clockwise from above: Home Depot, which this year displaced Lowe's at the top of the list in sales, will add 32 stores in 1990, and focus its expansion primarily in the Northeast and in California. Lowe's added close to 2,000 square feet of selling space to its existing stores and will be concentrating this year on a larger-store merchandising format as pictured here in its Boone, N.C., unit. Payless Cashways reverted to catering more to remodelers and contractors, and remerchandised many of its stores, including upgrading its kitchen and bath areas. Builders Square grew to 142 units, but its sales remained flat from 1988 levels. This year, the company will focus on cross merchandising, as evinced by its new store in Corpus Christi, Texas. Hechinger will use its Home Quarters Warehouse format as it penetrates Northeastern markets.

NHCN photos



RETAIL SCOREBOARD

Alphabetical listing of the Industry Top 350

Company & Rank	Company & Rank	Company & Rank	Company & Rank	Company & Rank
A.C. Houston Lumber George C. Houston, President (316) 262-8491 (phone) (316) 264-6821 (fax)	Babbitt Brothers W. David Chambers, President (602) 774-8700 (phone) FAX: NA	Brookhart Tom W. Watt, President (719) 471-4500 (phone) (719) 471-4505 (fax)	Carter-Jones Lumber Neil Sackett, President (216) 673-6100 (phone) (216) 678-6134 (fax)	Church's Lumber William Church, President (313) 731-2000 (phone) FAX: NA
A.H. Angerstein, Inc. Bruce W. Greene, President (302) 996-3500 (phone) (302) 998-1384 (fax)	Babcock Building Supply S. Wayne Mann, President (407) 254-1515 (phone) (407) 255-0924 (fax)	Brosius Eliason Farrell L. Goble, President (302) 328-9481 (phone) (302) 328-2761 (fax)	Cassity Jones Lumber Jackie Brewster, President (214) 759-0736 (phone) (214) 759-8558 (fax)	City Mill Lumber David Ai, President (808) 533-3811 (phone) (808) 521-9767 (fax)
A.J. Smith Company Gilbert N. Smith, President (615) 383-8383 (phone) FAX: NA	Barr Lumber Merle Fast, President (213) 596-4475 (phone) (213) 493-5828 (fax)	Buena Park Lumber John Nelson, President (714) 522-2864 (phone) (714) 994-4907 (fax)	Causeway Lumber Scott Whiddon, President (305) 763-1224 (phone) (305) 467-2389 (fax)	Clay Ingles William Chapman, President (606) 252-0836 (phone) (606) 259-0938 (fax)
A.L. Kilgo A.L. Kilgo, President (808) 832-2200 (phone) (808) 832-2201 (fax)	Barrons Gaithersburg Lumber Charles F. Davis, President (301) 948-6600 (phone) (301) 948-1252 (fax)	Buiderama Don Whipple, President (912) 927-3115 (phone) (912) 927-7581 (fax)	Cederburg Lumber W. A. Werneke, President (414) 377-2345 (phone) (414) 377-4263 (fax)	Cleveland Builders Supply C.J. French, President (216) 621-4300 (phone) (216) 621-2651 (fax)
Aarons Lumber Ted Maidment, President (805) 327-7127 (phone) (805) 327-9608 (fax)	Bauer Enterprises Richard Bauer, Chairman (216) 688-8255 (phone) (216) 688-5174 (fax)	Builders Discount Robert Lehavi, President (818) 765-3777 (phone) (818) 765-3797 (fax)	Central Valley Builders Supply Robert Patterson Jr., President (707) 963-3622 (phone) (707) 963-8751 (fax)	Coler Brothers Gene S. Coler, President (404) 838-3200 (phone) (404) 491-7583 (fax)
ACO Hardware Heber L. Noseworthy, President (313) 471-0100 (phone) (313) 474-9758 (fax)	Bellevue Builders Supply Joseph Lucarelli, President (518) 355-7190 (phone) (518) 355-2009 (fax)	Builders Emporium James McKittrick, President (714) 474-8333 (phone) (714) 852-4055 (fax)	Central Hardware Jim Cohen, President (314) 291-7000 (phone) (314) 291-8270 (fax)	Columbia Lumber & Mfg. William L. Otis, President (803) 788-8950 (phone) (803) 736-6172 (fax)
Al Meier's Building Centers Albert Meier, President (206) 922-8779 (phone) (206) 922-9157 (fax)	Bender Lumber Paul Bender, President (812) 339-9730 (phone) (812) 331-8867 (fax)	Builders General Supply T.J. Shaheen, President (201) 747-0808 (phone) FAX: NA	Central Michigan Lumber Steve Lawrence, President (517) 224-2358 (phone) (517) 224-8741 (fax)	Conklin & Strong Howard Conklin, President (914) 986-7788 (phone) (914) 986-2258 (fax)
Alamo Lumber Randall Puckett, President (512) 222-1311 (phone) (512) 220-8428 (fax)	Big Blue Stores Bob Lonowski, President (812) 522-3651 (phone) (812) 523-1805 (fax)	Builders Square Glen Mielke, President (512) 731-0500 (phone) (512) 734-9718 (fax)	Century Supply Paul C. Spiewak, President (708) 495-2300 (phone) (708) 485-8645 (fax)	Consolidated Lumber Dale H. Remus, President (612) 439-3138 (phone) (612) 439-9756 (fax)
Albert R. Lavallee, Inc. Michael Rivard, President (207) 324-3350 (phone) (207) 324-1339 (fax)	Big Creek Lumber Frank Maccrory, President (408) 423-4156 (phone) FAX: NA	Builders Supply Robert Wellendorf, President (402) 331-4500 (phone) FAX: NA	Champion Lumber George Patterson, President (714) 684-5670 (phone) (714) 275-0825 (fax)	Continental Lumber Howard Lerner, President (203) 833-2577 (phone) FAX: NA
Alexander Lumber Walter Alexander, President (708) 844-5123 (phone) (708) 844-6594 (fax)	Big L Corp. Kenneth J. Lehman, President (517) 291-3232 (phone) (517) 291-5751 (fax)	Builderway Don Henson, President (803) 297-6266 (phone) (803) 297-0356 (fax)	Chandler Lumber Stanley Brown, Chairman (818) 987-7900 (phone) (818) 994-0648 (fax)	Copeland Lumber Yards William A. Whitsell, President (503) 232-7181 (phone) FAX: NA
All American Home Center Leonard Gertler, President (213) 927-8666 (phone) (213) 928-0633 (fax)	Big Tin Barn Harold Maxwell, VP (409) 829-5511 (phone) FAX: NA	Building Material Supply Robert Chambers, President (404) 934-1400 (phone) (404) 934-1887 (fax)	Channel Home Centers Leon Berger, Chairman (201) 887-7000 (phone) (201) 887-4299 (fax)	Courtesy Home Centers Richard Ender, Chairman (708) 394-2800 (phone) (708) 394-0802 (fax)
Alpine Lumber James B. Kurtz, President (303) 458-4740 (phone) (303) 433-5220 (fax)	Bison Building Materials Roy Bierschwald, Chairman (713) 467-6700 (phone) (713) 935-1227 (fax)	Busy Beaver Charles Bender, President (412) 963-1980 (phone) (412) 963-0308 (fax)	Chase-Pitkin Bill Strassburg, President (716) 427-8100 (phone) (716) 427-8475 (fax)	Cox Lumber Linton N. Tibbets, Chairman (813) 327-4503 (phone) (813) 327-5393 (fax)
American Home & Hardware Harry E. Hammond, President (301) 398-1900 (phone) (301) 398-7037 (fax)	Bloedorn Lumber Company Lyle Blue, Vice President (307) 532-2151 FAX: NA	Butz Building Centers Michael Carly, President (215) 826-3555 (phone) (215) 826-3559 (fax)	Choo Choo Supply B.R. Snooks, President (912) 537-4108 (phone) (912) 537-4839 (fax)	Cramer's Building Centers William P. Cramer, President (717) 424-5953 (phone) (717) 424-0437 (fax)
Anderson Lumber James C. Beardall, President (801) 479-3400 (phone) FAX: NA	BMC West Don Hendrickson, President (208) 338-1754 (phone) (208) 338-1763 (fax)	C & C Building Supplies Frank J. Camuto, President (412) 696-5757 (phone) (412) 696-3241 (fax)	Chopp & Co. Joseph S. Chopp, Chairman (301) 843-2467 (phone) (301) 843-3795 (fax)	Crissey Fowler Lumber Kenneth W. Brosh Jr., President (719) 473-2411 (phone) (719) 473-0653 (fax)
Arcadia Lumber Andrew Beckstrom, President (818) 446-3181 (phone) (818) 447-5038 (fax)	Bomgaars Supply Harold Bomgaars, President (712) 277-2000 (phone) (712) 277-1242 (fax)	Calcasieu Lumber T. N. Morris Jr., President (512) 444-3172 (phone) (512) 462-2344 (fax)	Chris & Dick's Richard Paras, President (801) 972-8737 (phone) FAX: NA	Curtis Lumber Bob Curtis, Chairman (518) 885-5311 (phone) (518) 885-1126 (fax)
Armstrong Building Materials Chris Armstrong, Partner (213) 477-8023 (phone) FAX: NA	Broadway Lumber Richard Spodek, President (212) 695-3393 (phone) FAX: NA (fax)	Carolina Builders Fenton N. Hord, President (919) 828-7471 (phone) (919) 833-1440 (fax)	Christy's Supplies Gerald Greene, President (609) 654-4143 (phone) (609) 953-1783 (fax)	(Continued on page 60)



Circle 29 on Reader Service Card



WE MAKE TOOL HOLDERS FOR EVERYONE. ALMOST.

The tool holders and accessories business used to be quite primitive. Until the evolution of three innovative product lines:

Custom Leathercraft, Heavy Leather. And Durolite™, the award-winning line made of super-tough, super-light DuPont Cordura® Plus. Choices like these make it easy to sell any customer. On two feet.

Every Custom Leathercraft product is made in the U.S.A. with fine materials and craftsmanship. And backed with all the advertising and merchandising tools you need.

So call Custom Leathercraft at 1-800-325-0455. We'll help make it less of a jungle out there.



©1989 Custom Leathercraft.

Circle 28 on Reader Service Card

RETAIL SCOREBOARD

Company & Rank		Company & Rank		Company & Rank		Company & Rank		Company & Rank	
<i>(Continued from page 59)</i>									
Daniels - McCray Lumber	302	Diamond Lumber	26	Douglas Lumber	255	Eastern Lumber	339	Elliott's Hardware	341
H.C. McCray Jr., President		Bernard Kritzer, President		Steven Carlino, President		Markku Torkelli, President		Fred Held, President	
(816) 942-8010 (phone)		(214) 247-3800 (phone)		(401) 231-6800 (phone)		(508) 388-0366 (phone)		(214) 634-9900 (phone)	
(816) 942-1960 (fax)		(214) 888-8067 (fax)		(401) 231-5899 (fax)		(508) 388-9824 (fax)		(214) 638-3254 (fax)	
Davidson's Industry	136	Dill's Best Building Centers	253	Dykes Lumber	228	Economy Builders Supply	291	Ellsworth Builders Supply	247
Larry M. Davidson, President		Carl Dill, President		Louis Kreyer, President		David Schauerhamer, President		Austin Goodyear, President	
(317) 787-3211 (phone)		(914) 739-3150 (phone)		(201) 867-0391 (phone)		(801) 566-1500 (phone)		(207) 667-7134 (phone)	
(317) 787-0531 (fax)		(914) 739-2188 (fax)		(201) 867-2981 (fax)		(801) 255-6752 (fax)		(207) 667-6043 (fax)	
Degol Brothers Lumber	319	Dixieland Lumber	34	E.C. Barton & Co.	82	Economy Building Materials	269	Elmsford Building Materials	317
Donald Degol, President		W. S. Cowling, II, President		Allex Nixon, Chairman		L.A. Stookesberry, President		James Schlichting, GM	
(814) 886-8352 (phone)		(619) 224-4120 (phone)		(501) 932-6673 (phone)		(303) 744-6161 (phone)		(914) 592-7200 (phone)	
(814) 886-7077 (fax)		FAX: NA		(501) 972-1340 (fax)		(303) 744-1204 (fax)		FAX: NA	
Devlin Lumber & Supply	258	Dooley's Hardware	292	E.D. Adkins & Co.	278	Edward Hines Lumber	45	Erb Lumber	19
Jonathan S. England, President		Rod Nesbit, President		William Bostian, President		Edward Hines, President		Fred A. Erb, Chairman	
(301) 881-1000 (phone)		(213) 428-1212 (phone)		(301) 749-3171 (phone)		(708) 773-2470 (phone)		(313) 644-5300 (phone)	
(301) 468-0628 (fax)		(213) 422-8874 (fax)		(301) 749-3998 (fax)		(708) 250-3380 (fax)		(313) 644-5300 (x 308) (fax)	
								Ernst Home & Nursery	23
								Hal Smith, President	
								(206) 621-6700 (phone)	
								(206) 621-6999 (fax)	
								F.E. Wheaton & Co.	211
								Ralph Wheaton, President	
								(708) 668-1400 (phone)	
								(708) 668-1471 (fax)	
								Fagen's Building Centers	64
								Jack Fagen, President	
								(412) 793-7300 (phone)	
								(412) 793-7304 (fax)	
								Fairfax Lumber & Millwork	242
								John F. Dolan, President	
								(703) 644-4045 (phone)	
								(703) 644-4203 (fax)	
								Fairfield Lumber	230
								B. William Plotkin, President	
								(203) 259-1631 (phone)	
								(203) 254-8235 (fax)	
								Feldman Lumber	107
								Robert Feldman, President	
								(718) 495-5000 (phone)	
								FAX: NA	
								Fingerle Lumber	141
								Brian E. Fingerle, President	
								(313) 663-0581 (phone)	
								(313) 663-2515 (fax)	
								Fort Myers Lumber & Supply	330
								Richard Dickey, President	
								(813) 332-1753 (phone)	
								(813) 332-5733 (fax)	
								Fox Lumber	102
								Jack Laird, President	
								(708) 636-3500 (phone)	
								FAX: NA	
								Foxworth-Galbraith Lumber	44
								Jimmy Galbraith, President	
								(214) 437-6100 (phone)	
								(214) 437-4236 (fax)	
								Friedman Brothers	158
								Bill Friedman, President	
								(707) 584-7811 (phone)	
								FAX: NA	
								Friend Building Centers	303
								Paul A. London, President	
								(617) 458-1201 (phone)	
								(617) 452-9716 (fax)	
								Frierson Building Supply	172
								Pete H. Frierson, President	
								(601) 922-1321 (phone)	
								(601) 922-3226 (fax)	
								Fullerton Lumber	137
								James G. Fullerton, President	
								(612) 339-9611 (phone)	
								(612) 339-6459 (fax)	
								G.V. Moore Lumber	304
								Victor Moore, Chairman	
								(508) 772-0900 (phone)	
								(508) 772-0396 (fax)	
								Ganahl Lumber	75
								Peter Ganahl, President	
								(714) 772-5444 (phone)	
								FAX: NA	
								Gee Lumber & Hardware	248
								Nancy Gee, President	
								(312) 476-7400 (phone)	
								(312) 476-7845 (fax)	
								Geiger Lumber & Supply	313
								Charles Geiger, President	
								(914) 357-1800 (phone)	
								FAX: NA	
								General Building Products	63
								Bruce Meltzer, Chairman	
								(516) 654-3500 (phone)	
								(516) 654-9204 (fax)	
								General Builders Supply	243
								Herbert Katz, President	
								(617) 762-3800 (phone)	
								(617) 762-2003 (fax)	
								Gerrity Building Centers	31
								Elliott Putnam, President	
								(603) 279-7911 (phone)	
								(603) 279-7125 (fax)	
								Golden State Lumber	100
								Lee Nobman, President	
								(707) 648-0522 (phone)	
								(707) 648-0934 (fax)	
								Goodman Lumber	95
								Edward Goodman, Partner	
								(415) 285-2800 (phone)	
								(415) 285-5230 (fax)	
								Great Central Lumber	182
								Richard G. Millian, President	
								(314) 968-1700 (phone)	
								(314) 968-0940 (fax)	
								Great Plains Supply	117
								Michael R. Wigley, President	
								(612) 635-9271 (phone)	
								(612) 639-5745 (fax)	
								Grossman's Northwest	66
								Bob Pacos, Executive VP	
								(415) 592-9250 (phone)	
								(415) 598-0269 (fax)	

(Continued on page 62)

CUSTOMERS FLIP OUR LIDS THREE TIMES MORE OFTEN.



In a recent independent survey of 1330 retailers across the country, one brand of floor and tile adhesives was the clear favorite. Henry. We proved to be three times more popular than the next closest competitor.*

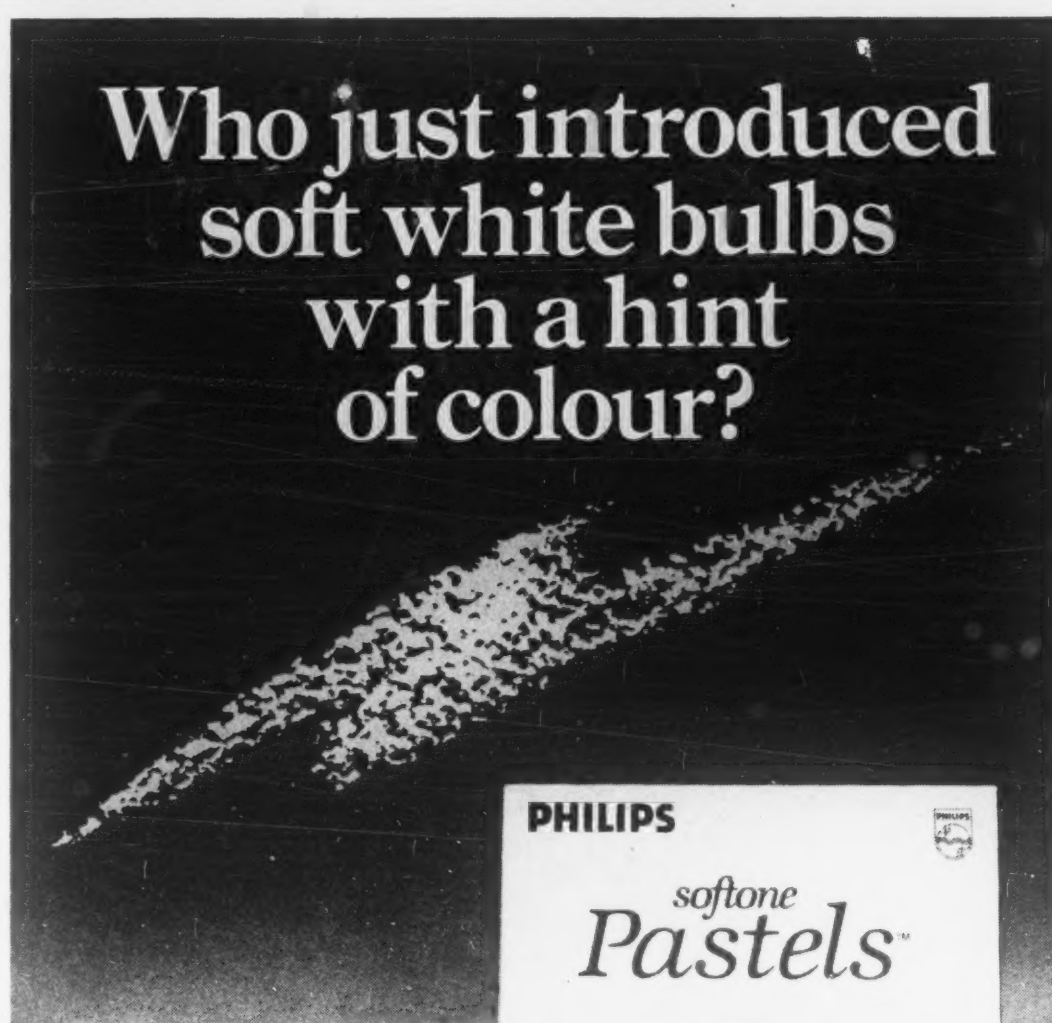
The reason is simple. We've been making the highest quality adhesives for over 50 years. And we've backed them with unmatched customer service.

*Source: "A Profile Of The Retail Market For Adhesive And Glue Products," 1987 (Wholesaler-served retailers). Prepared by: Marketing Information and Research Services, National Retail Hardware Association, Home Center Institute.

HENRY
We're good for your reputation.
© 1989 The W.W. Henry Company

Circle 30 on Reader Service Card

Who just introduced soft white bulbs with a hint of colour?



Circle 31 on Reader Service Card

Cell-Out

No One Draws A Crowd Like Panasonic.

That's because Panasonic has a complete line of batteries, from alkaline for your radio to lithium for your camera. Whatever your customers need, Panasonic makes it. And with the selling power of the Panasonic name, you can count on a sell-out. Go with the proven winner to make your battery aisle Standing Room Only.

The Power Behind the Name. Panasonic Batteries.

Call our Battery Hotline at 201-392-4675 for more information.

Panasonic
Industrial Company
BATTERY SALES GROUP



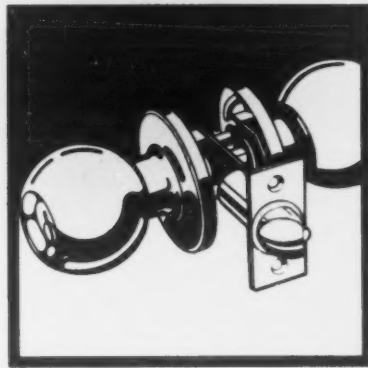
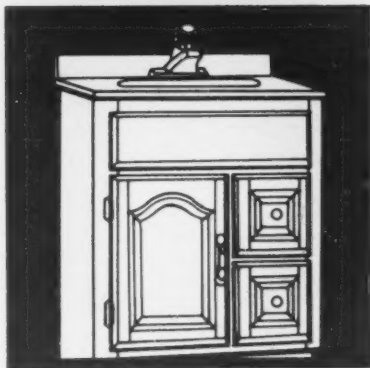
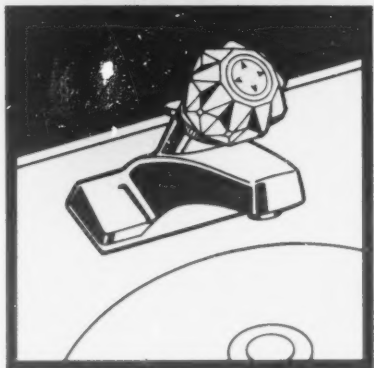
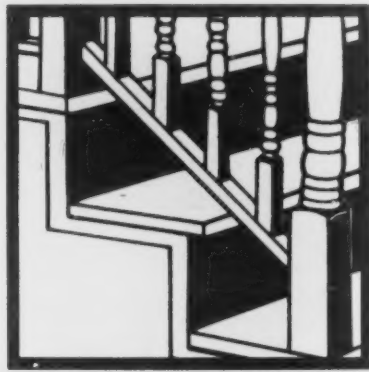
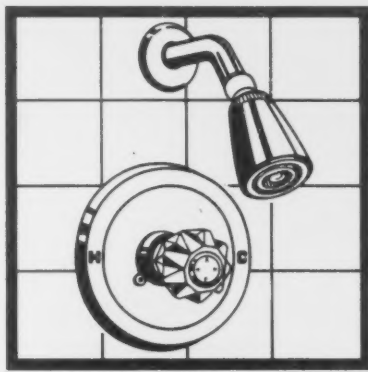
Alkaline • Rechargeable • Lithium • Heavy Duty • General Purpose • Photo • Watch • Hearing Aid

Circle 32 on Reader Service Card

RETAIL SCOREBOARD

Company & Rank	Company & Rank	Company & Rank	Company & Rank	Company & Rank
(Continued from page 60)				
Grossman's 8 Mike Grossman, Chairman (617) 848-0100 (phone) (617) 848-8173 (fax)	H.G. Page & Sons 315 John Page, President (914) 452-7130 (phone) (914) 452-3673 (fax)	Hancock Lumber 106 K. David Hancock, President (207) 627-4201 (phone) (207) 627-7041 (fax)	Henry Bacon Building Materials 76 Dick Carson, President (206) 641-8000 (phone) FAX: NA	Holmes Lumber 84 Lockwood Holmes, President (904) 772-6100 (phone) (904) 772-1973 (fax)
Grove Lumber 123 Richard W. Wilson, President (714) 947-0277 (phone) (714) 947-9395 (fax)	Hacienda Home Centers 209 Felix Sanchez, President (505) 884-8811 (phone) FAX: NA	Handy Andy 17 Steve Kadish, President (708) 517-4000 (phone) (708) 605-1628 (fax)	Herrmann Lumber 196 William Powell, President (417) 862-3737 (phone) (417) 862-8934 (fax)	Home Depot 1 Bernard Marcus, Chairman (404) 433-8211 (phone) (404) 431-2714 (fax)
Gulf Stream Lumber 205 H.E. Graves, Jr., President (407) 732-9763 (phone) (407) 732-1643 (fax)	Haddonfield Lumber 88 Dave Baird, President (609) 429-2130 (phone) FAX: NA	Handyman Home Centers 344 Edwin Grimes, President (513) 879-0141 (phone) (513) 879-1177 (fax)	Higginbotham Bartlett 280 J.L. Higginbotham, President (806) 793-8662 (phone) (806) 792-8089 (fax)	Home Lumber 167 Milton Johnson, President (714) 381-1771 (phone) (714) 889-4082 (fax)
Guy C. Lee Building Materials 189 Ross W. Lampe, President (919) 934-6195 (phone) (919) 934-6104 (fax)	Hammond Lumber 173 Clifton Hammond, President (207) 495-3303 (phone) (207) 495-2304 (fax)	Hayward Lumber 99 Homer M. Hayward, President (408) 424-7349 (phone) (408) 758-1503 (fax)	Hill-Behan Lumber 54 W.L. Behan, Jr., Chairman (314) 725-1111 (phone) (314) 725-8460 (fax)	Home of Economy Inc. 240 Jean G. Kiesau, President (701) 772-6611 (phone) (701) 772-6521 (fax)
H & E DIY Centers 157 E.M. Stein, President (619) 241-7540 (phone) (619) 241-9084 (fax)	Hamshaw Lumber 346 Doug Hamshaw, President (603) 352-6506 (phone) FAX: NA	Hechinger 5 John Hechinger, Jr., President (301) 341-1000 (phone) (301) 341-0926 (fax)	Hinckley Home Centers 175 Fred Whelden, President (508) 775-0700 (phone) (508) 790-5881 (fax)	HomeClub 6 John Chase, President (714) 441-0171 (phone) (714) 441-1691 (fax)

HPM Building Supply 130 R. Fujimoto, President (808) 935-0875 (phone) (808) 961-4019 (fax)	Hughes Lumber 213 T.J. Hughes, President (918) 622-8080 (phone) FAX: NA	INR Beatty Lumber 276 Bob Beatty, President (708) 422-0400 (phone) (708) 422-3129 (fax)	International Paper 166 David Stry, President (913) 345-0994 (phone) (913) 345-0135 (fax)	J. C. Baldridge Lumber 349 Wayne Harley, President (505) 298-5531 (phone) (505) 292-5053 (fax)
J.C. Snavely & Sons 146 Charles B. Fessler, Jr., President (717) 898-2241 (phone) (717) 898-5208 (fax)	J.H. Patterson Company 267 Lloyd Gates, President (815) 963-7607 (phone) (815) 963-8315 (fax)	J.T.'s Home & Builders Centers 126 J. Timothy O'Reilly, President (401) 846-2000 (phone) (401) 848-7130 (fax)	Jaeger Lumber 169 Lowell E. Jaeger, President (201) 686-0073 (phone) (201) 686-0196 (fax)	James Lumber 60 James A. Harrington, President (714) 847-8511 (phone) (714) 847-2765 (fax)
Jay-K Lumber 300 Kevin Kelly, President (315) 735-4475 (phone) (315) 735-0049 (fax)	John H. Myers & Son 239 Robert L. Myers, Jr., President (717) 843-3871 (phone) (717) 854-5065 (fax)	Jordan & Bradley Building Supply 268 Jim Delaney, President (404) 324-4401 (phone) (404) 327-4454 (fax)	Kaplan Lumber 179 Paul Kaplan, President (314) 946-6971 (phone) (314) 946-6989 (fax)	Kempville Lumber 143 Sterling Montgomery, President (804) 497-9392 (phone) (804) 497-6838 (fax)
Kesseli & Morse 215 Robert T. Kesseli, President (508) 752-1901 (phone) (508) 753-7078 (fax)	Kight Home Center 283 Kent Bernhardt, President (812) 479-8281 (phone) (812) 477-5586 (fax)	Kleet Lumber 289 Howard Kleet, President (516) 427-7060 (phone) (516) 427-5446 (fax)	Kogel Giant Building Supply 86 Wayne Kogel, President (516) 924-0500 (phone) (516) 924-4584 (fax)	Kuester's 246 C. Kuester, President (812) 422-3293 (phone) FAX: NA
Lampert Lumber 59 Josh Hulce, Chairman (612) 698-3804 (phone) (612) 690-0371 (fax)	Lampert Yards 111 John Fesler, Chairman (612) 645-8155 (phone) (612) 645-8155 (fax)	Lanoga Corp. 18 Daryl D. Nagel, President (206) 883-4125 (phone) (206) 882-2959 (fax)	Lappo Lumber 212 Seth Middlecamp, President (616) 865-3121 (phone) (616) 865-3622 (fax)	(Continued on page 66)



ONE STOP.

Exhibit #E5115. It's the retailer's one stop shopping spot for thousands of quality building specialties. Come in for a free 1990 catalog and learn why over 6500 home improvement retailers nationwide rely on The Butter Company and Design House Products for their specialty product needs.

Retailers not attending the National Home Center Show may request a catalog by circling the appropriate number on the enclosed reader service card.

BUTTER

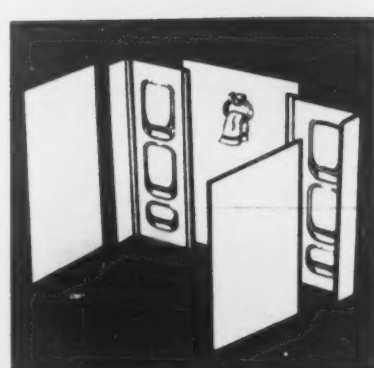
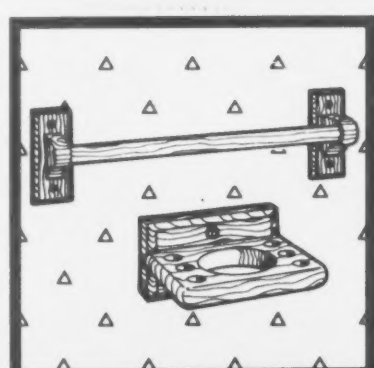
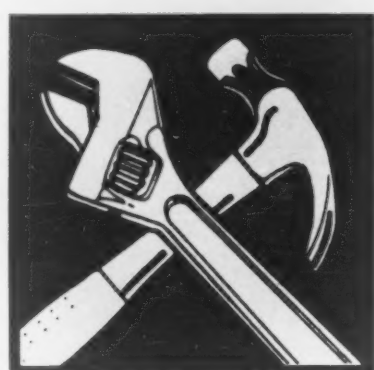
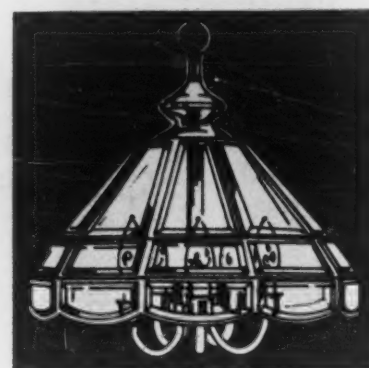
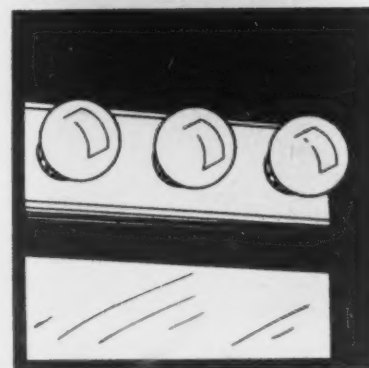
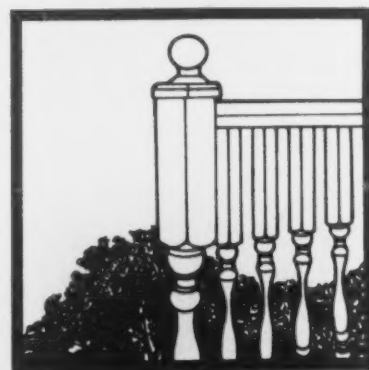
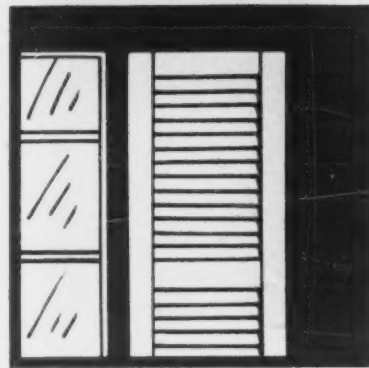
1-800-588-1919

DESIGN HOUSE

1-800-333-9450

The Butter Company • Design House Products
P.O. Box 1001 • Germantown, WI 53022

"DOING OUR BEST TO BE THE BEST"



Circle 34 on Reader Service Card

RETAIL SCOREBOARD

Company & Rank	Company & Rank	Company & Rank	Company & Rank	Company & Rank
<i>(Continued from page 62)</i>				
LaValley Building Supply Harold LaValley, President (603) 863-1050 (phone) (603) 863-3964 (fax)	Manis Lumber (Wheeler's) Wheeler Manis, President (404) 232-2400 (phone) (404) 291-2359 (fax)	Montalbano Lumber J.F. Montalbano, President (713) 228-9011 (phone) (713) 228-8222 (fax)	Newkirk's Ace Hardware Fred Whiting, Vice President (605) 342-4840 (phone) (605) 342-7079 (fax)	Pease Co. James L. Pease, President (513) 867-3333 (phone) (513) 867-3398 (fax)
Learned Lumber Michael Learned, President (213) 374-3406 (phone) FAX: NA	Marling Lumber W.H. Marling, President (608) 244-4777 (phone) (608) 244-1364 (fax)	Moodus Lumber William Wierzbinski, President (203) 873-1590 (phone) (203) 873-2157 (fax)	NHD Stores Sheldon M. Woolf, President (617) 341-1810 (phone) (617) 341-1810 (x261) (fax)	Pergament Home Centers Michael Lurie, President (516) 694-9300 (phone) (516) 694-2411 (fax)
Lee Lumber & Building Materials Rick Baumgarten, President (312) 509-6700 (phone) (312) 509-6704 (fax)	Marvin's Alfred J. Cohen, President (205) 655-7305 (phone) (205) 655-7305 (fax)	Moore's Norman Darrar, President (703) 982-5900 (phone) FAX: NA	Nickerson Lumber Joshua Nickerson, Jr., President (508) 255-0200 (phone) (508) 255-0200 (x 145) (fax)	Peter Lumber Hugh Peter, President (609) 641-9000 (phone) (609) 641-8792 (fax)
Lester Group George Lester II, President (703) 632-2195 (phone) (703) 638-1766 (fax)	Masten Lumber Raymond Masten, Chairman (302) 422-2446 (phone) (302) 422-2088 (fax)	Mortimer & Son Lumber Franklin J. Mortimer, President (313) 987-3020 (phone) (313) 987-4074 (fax)	Nonantum Lumber John Kenny, President (617) 924-4498 (phone) (617) 924-1731 (fax)	Piedmont Lumber & Mill William C. Myer, Jr., President (415) 674-8770 (phone) (415) 687-3127 (fax)
Levy's Building Centers Phillip J. Levy, President (502) 583-5341 (phone) (502) 583-5348 (fax)	Matthew Hall Lumber James A. Hall, President (612) 252-1920 (phone) (612) 252-1920 (fax)	Moser Lumber James L. Moser, Chairman (708) 420-3000 (phone) (708) 420-3023 (fax)	O.C. Cluss Lumber Charles Cluss, President (412) 438-5501 (phone) FAX: NA	Pine Tree Lumber Warren Wexler, President (619) 745-0411 (phone) (619) 745-0325 (fax)
Lezzer Lumber Maurice Lezzer, President (814) 236-0220 (phone) (814) 236-1277 (fax)	Matthews & Fields Lumber John M. Fields, President (716) 663-0430 (phone) FAX: NA	Moynihan North Reading Lumber Michael F. Moynihan, President (508) 664-3310 (phone) (508) 664-0872 (fax)	O'Fallon Lumber & Supply Jerry E. Smith, President (314) 272-6226 (phone) (314) 272-6220 (fax)	Ply-Marts Randy Mahaffey, President (404) 447-5338 (phone) (404) 447-1433 (fax)
Lloyd Home & Building Centers John Tweedy, CEO (203) 748-3000 (phone) (203) 798-0743 (fax)	Matt's Cash & Carry Building Materials Ira Matt, President (512) 787-5513 (phone) (512) 787-6953 (fax)	Mr. Goodbuys Stephan Underwood, President (215) 671-6100 (phone) FAX: NA	O'Neill Lumber E. Andrew O'Neil, President (618) 271-1400 (phone) (618) 875-1608 (fax)	Plywood Minnesota Gerry Boschwitz, President (612) 571-2636 (phone) (612) 571-3411 (fax)
Lowe's Companies Robert Strickland, Co-Chairman (919) 651-4000 (phone) (919) 651-4766 (fax)	Mayfair Lumber L.B. Koenen, President (312) 283-3300 (phone) (312) 283-7034 (fax)	Mullen Lumber G. Burton Mullen, President (508) 443-8901 (phone) (508) 443-5085 (fax)	Olshan Lumber Richard Ledermann, President (713) 225-5551 (phone) (713) 225-3743 (fax)	Potter's Shopping Center W.C. Potter, President (615) 879-8161 (phone) (615) 879-5823 (fax)
Lumber City Jess Ruf, CEO (818) 902-0202 (phone) (818) 902-0612 (fax)	McCoy's Building Supply Brian McCoy, President (512) 353-5400 (phone) (512) 353-5400 (fax)	Mutual Materials Richard Houlihan, President (206) 455-2869 (phone) (206) 455-7732 (fax)	Orchard Supply Hardware Maynard Jenkins, President (408) 281-3500 (phone) (408) 629-7174 (fax)	R Lumber Center Donald Ploss, President (301) 956-2933 (phone) (301) 956-4682 (fax)
Lumber City Carmine Pisatua, President (804) 421-7101 (phone) (804) 421-3118 (fax)	McLendon Hardware Robert McLendon, President (206) 235-3555 (phone) (206) 235-3599 (fax)	N.B. Goodwyn & Sons Russ Beck III, President (804) 748-5859 (phone) (804) 748-5068 (fax)	P.E. Dolan Lumber Henry Dolan, President (415) 724-8753 (phone) FAX: NA	R.P. Lumber Co. Robert Lee Plummer, President (618) 656-1514 (phone) (618) 656-6785 (fax)
Lumber Headquarters Morris Hoberman, President (516) 328-3400 (phone) (516) 328-2611 (fax)	Mead Clark Lumber Jean E. Destruel, President (707) 576-3333 (phone) (707) 523-0350 (fax)	N.T. Fox Company Jere S. Fox, President (207) 797-7131 (phone) (207) 797-7131 (x 146) (fax)	P.F. O'Connor Patrick O'Connor, President (617) 848-8190 (phone) (617) 848-7185 (fax)	Randall Brothers W.C. Shreve, President (404) 892-6666 (phone) (404) 875-6102 (fax)
Lumber Investors James W. Smilie, President (318) 448-0590 (phone) (318) 448-9665 (fax)	Meeks Building Centers Terry Meek, President (417) 862-7001 (phone) FAX: NA	Naples Lumber O.D. Jones, President (813) 643-7000 (phone) (813) 643-5987 (fax)	Panning Lumber Kell Williams, President (407) 293-4001 (phone) (407) 291-3652 (fax)	Raymond Building Supply Joseph J. Mazzola, President (813) 995-5467 (phone) (813) 995-3790 (fax)
Lummus Supply Robert H. Lummus, President (404) 794-1501 (phone) (404) 794-4519 (fax)	Menard's John Menard, President (715) 874-5911 (phone) FAX: NA	Narrowsburg Lumber Herman Feldhusen, President (914) 252-3955 (phone) (914) 252-3661 (fax)	Parr Lumber Dwight Parr, President (503) 645-1188 FAX: NA	Richardson Industries Joseph E. Richardson, President (414) 467-2671 (phone) (414) 467-2222 (fax)
Lyman Lumber Thomas P. Lowe, President (612) 474-0844 (phone) (612) 474-0910 (fax)	Midland Lumber & Supply Joseph P. Sheffel, Jr., President (201) 652-1000 (phone) (201) 652-1546 (fax)	Nassau-Suffolk Lumber William Vantuyll, Sr., Chairman (516) 724-5600 (phone) (516) 724-4581 (fax)	Paty Lumber John Seward, Jr., President (615) 538-8101 (phone) (615) 538-5625 (fax)	Rickel Home Centers Moshe Meidar, Chairman (201) 668-7000 (phone) FAX: NA
M. L. Claster & Sons Jay B. Claster, President (814) 355-4851 (phone) (814) 355-3704 (fax)	Midpac Lumber Michael Yoshida, President (808) 836-8111 (phone) (808) 836-8297 (fax)	National Home Centers Dwain Newman, President (501) 756-1700 (phone) (501) 756-9122 (fax)	Pay 'N Pak John Markley, President (206) 854-5450 (phone) (206) 852-1421 (fax)	Ridge Lumber William Howser, President (301) 668-2700 (phone) (301) 668-9533 (fax)
M.G. Building Materials Larry E. Grotheus, President (512) 589-2543 (phone) (512) 924-6082 (fax)	Millard Lumber G. Richard Russell, President (402) 896-2800 (phone) (402) 896-2865 (fax)	National Lumber Mel Jaffee, President (714) 751-3970 (phone) FAX: NA	Payless Cashways David Stanley, Chairman (816) 234-6000 (phone) FAX: NA	Ridout Lumber Wayne Ridout, President (501) 268-7119 (phone) (501) 268-9814 (fax)
Mack Industries David Coay, President (305) 922-6771 (phone) (305) 925-1421 (fax)	Miron Building Products J. Miron, Chairman (914) 336-6000 (phone) FAX: NA	National Lumber John Kaitz, President (617) 244-8020 (phone) (617) 964-4774 (fax)		Riemeier Lumber John D. Luecke, President (513) 241-3788 (phone) (513) 241-7883 (fax)

Source: Professional Builder BPA, June, 1989

Cut through to quality.

Get a bigger slice with the unsurpassed quality of Knauf. Quality professionals build on. **KNAUF**

Over 130,000* remodelers, contractors and builders have seen this ad. Stock up on Knauf and get your slice of the action.

© 1989 Knauf Fiber Glass

Circle 37 on Reader Service Card

Rigg's Supply A.M. Riggs, President (314) 888-4639 (phone) (314) 888-0067 (fax)	156
Riverhead Building Supply Jesse R. Goodale, Chairman (516) 727-1400 (phone) (516) 727-6361 (fax)	98
Robertson Cos. Hugh Robertson, President (701) 772-3443 (phone) (701) 775-6235 (fax)	236
Rocky's Home Centers James Falcone, President (413) 781-1650 (phone) (413) 731-5173 (fax)	192
Roper Bros. Lumber H.R. Diz, President (804) 744-6638 (phone) (804) 744-6870 (fax)	129
Ruffin & Payne Joseph M. Ruffin, President (804) 329-2691 (phone) (804) 321-4940 (fax)	245
Sackett & Peters Rudolph Sackett, President (213) 945-2361 (phone) FAX: NA	326
San Lorenzo Lumber Robert T. Butcher, President (408) 475-7575 (phone) (408) 427-0820 (fax)	93
Sawyer Cleatdr Lumber Clifford E. Sawyer, President (612) 425-2125 (phone) (612) 424-2446 (fax)	348
Scarborough Lumber Alvin L. Scarborough, President (408) 438-0331 (phone) (408) 438-1376 (fax)	345
Scherer Brothers Roger Scherer, President (612) 379-9633 (phone) (612) 627-0879 (fax)	77
Scott Lumber David R. Turner, Exec VP (614) 635-2345 (phone) (614) 635-4816 (fax)	226
Scotty's Daryl Lansdale, President (813) 298-1111 (phone) (813) 298-4196 (fax)	14

(Continued on page 68)

RETAIL SCOREBOARD

Company & Rank	Company & Rank	Company & Rank	Company & Rank	Company & Rank
(Continued from page 66)				
Seacoast/Pelican Building Centers 61 Daniel M. Campbell, President (803) 347-4235 (phone) (803) 347-4141 (fax)	Shelly Enterprise 203 Bill Shelly, President (215) 723-4304 (phone) (215) 723-8096 (fax)	Somerville Lumber 290 Jack Shumer, President (201) 356-1975 (phone) (201) 356-8965 (fax)	Stambaugh-Thompson 58 P.F. Thompson, President (216) 792-9071 (phone) (216) 792-8102 (fax)	Star Lumber & Supply 97 William J. Goebel, President (316) 942-2221 (phone) (316) 942-8625 (fax)
Seigle's Home & Building Centers 47 Harry Seigle, President (708) 742-2000 (phone) (708) 697-6521 (fax)	Simon Stores 183 Marc Kaplan, President (415) 947-0705 (phone) (415) 935-7481 (fax)	Southampton Lumber 210 H. Merrill Becker, President (516) 283-2000 (phone) (516) 283-2054 (fax)	Standard of Beaverdale Inc. 274 Ken Schwanker, President (319) 753-2844 (phone) (319) 753-5891 (fax)	Steenbake & Sons 281 Raymond Steenbake, President (603) 796-2974 (phone) (603) 796-2106 (fax)
Serv-U Hardware Home Centers 340 Samuel Horowitz, President (913) 732-4300 (phone) (913) 781-2908 (fax)	Sinclair Lumber 134 Duncan J. Sinclair, President (919) 276-0371 (phone) (919) 276-1540 (fax)	Spahn & Rose Lumber 145 C.D. Spahn, President (319) 582-3606 (phone) FAX: NA	Standard Companies 105 Roger Rottschaefer, President (616) 243-0057 (phone) FAX: NA	Sterling Lumber 263 Marvin L. Steele, President (303) 427-9661 (phone) (303) 427-4326 (fax)
Shaw Lumber 135 Peter M. Miller, President (612) 488-2525 (phone) FAX: NA	Snow Lumber & Home Decorating 314 P. Hunter Dalton, Jr., Chairman (919) 884-5454 (phone) (919) 884-8073 (fax)	Stacy Building Materials 254 James L. Henderson, President (205) 661-6657 (phone) (205) 661-6343 (fax)	Stan's Lumber 282 Stanley Torstenson, President (414) 877-2181 (phone) (414) 877-2609 (fax)	Stine Lumber 227 Jackson Stine, Chairman (318) 527-0121 (phone) (318) 527-0129 (fax)



**IT MIGHT BE SMALL
ON OUR CANS,
BUT IT'S BIG IN YOUR
CUSTOMERS' MINDS.**

This Glidden brand is a big reason customers make the purchase. That's because they expect to find quality in every can it appears on. And they do. Make sure they can find it in your store.



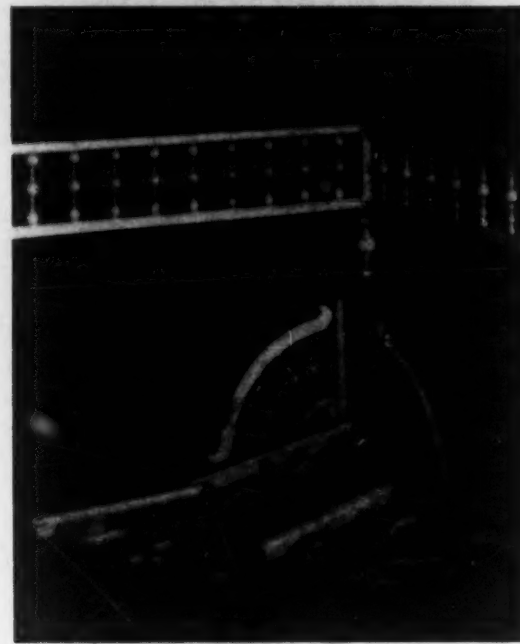
A better way to paint.™

Circle 39 on Reader Service Card

Authentic
**VICTORIAN ERA
GINGERBREAD**

OAK

PINE



Kok's Woodgoods, Inc.

5645 Balsam Dr.
Hudsonville, MI 49426
(616) 669-5239
FAX (616) 669-8773

*When you buy Woodgoods
you buy the
BEST!*

Circle 40 on Reader Service Card

Stock Lumber 109 K.C. Stock, President (414) 496-5080 (phone) (414) 494-9570 (fax)	Stottmyer & Shoemaker 195 Alan Hill, President (813) 365-3000 (phone) (813) 366-1034 (fax)	Stripling Blake Lumber 199 Alec Beck, President (512) 465-4200 (phone) (512) 465-4222 (fax)	Strober Organization 42 Gary Kulick, President (718) 875-9700 (phone) (718) 788-3614 (fax)	Supply One 251 Jay Steiner, President (702) 825-8823 (phone) (702) 826-2785 (fax)
Sutherland Lumber 10 Herman Sutherland, Partner (816) 756-3000 (phone) (816) 756-3594 (fax)	T.H. Rogers Lumber 208 John M. Kennedy, President (405) 521-1474 (phone) FAX: NA	TAPJAC 170 William Putnum, Jr., President (417) 358-6081 (phone) (417) 358-2515 (fax)	Terry Companies 32 Terry Mullin, Chairman (818) 345-2223 (phone) (818) 996-4392 (fax)	The Chicago Lumber Co. 266 Fred L. Miller, President (402) 342-0840 (phone) FAX: NA
The O'Malley Lumber Co. 73 Thomas O'Malley, Chairman (602) 957-1398 (phone) (602) 955-1702 (fax)	The Andersons 40 Richard Anderson, President (419) 893-5050 (phone) (419) 891-6521 (fax)	The Gordon Lumber Co. 311 Richard Bauman, President (419) 898-2241 (phone) (419) 898-2947 (fax)	The Level Line Inc. 185 Marshall Sussna, President (201) 363-8700 (phone) (201) 367-8500 (fax)	The Estate of George S. Snyder 272 Howard Heckler, President (215) 855-2131 (phone) (215) 855-8485 (fax)
The Country Lumber Co. 207 Jack Gibson, President (805) 966-3181 (phone) (805) 962-6578 (fax)	Theut Products 335 Allan Theut, President (313) 949-1300 (phone) (313) 949-6620 (fax)	Thomas W. Perry 262 Thomas Perry III, President (301) 652-2600 (phone) (301) 652-3227 (fax)	Thompson Enterprises 142 Scott Thompson, President (612) 933-2521 (phone) (612) 933-0243 (fax)	Thompson Building Materials 67 Kenneth R. Thompson, President (714) 637-7373 (phone) (714) 637-7575 (fax)
Thompson Lumber 154 David Ryerse, President (612) 535-7827 (phone) (612) 535-5526 (fax)	Thurman Industries 193 Ken Thurman, President (206) 823-4004 (phone) (206) 823-5560 (fax)	Topeka Lumber 305 William Schmidt, President (913) 354-1733 (phone) (913) 354-1364 (fax)	Triangle Wholesale Building Supply 310 Joseph Riddle, President (919) 867-9165 (phone) (919) 867-5075 (fax)	Truitt & White Lumber 279 Robert White, President (415) 841-0511 (phone) (415) 845-2604 (fax)
Tulnoff Lumber 298 Herbert Tulchin, President (914) 576-0033 (phone) (914) 576-7863 (fax)				

(Continued on page 88)

*Source: Professional Builder BPA, June, 1989.

© 1989 Knauf Fiber Glass



Another job well done.

The unsurpassed quality of Knauf will never let you down. Quality professionals build on. **KNAUF**

Over 130,000* remodelers, contractors and builders have seen this ad. Stock up so they can get the job done.

Circle 41 on Reader Service Card

RETAIL SCOREBOARD

Growth of the Top 100 1989 / 1988

INCREASE IN STORES

Rank	Company	Stores 1989	Stores 1988	No. of New Stores	% Change
1	The Home Depot	118	96	22	23
2	Hechinger	107	92	15	16
3	HomeClub	58	46	12	26
4	Lowe's Cos.	306	296	10	3
5	Builders Square *	142	133	9	7
6	Fagen's	23	15	8	53
7	Sutherland Lumber	92	85	7	8
8	Westlake Hardware	54	48	6	13
9	Carolina Builders	15	9	6	67
10	Scotty's	165	160	5	3
11	Menard's	45	40	5	13
12	McCoy's	90	86	4	5
13	Handy Andy *	52	49	3	6
14	Wolohan Lumber	48	45	3	7
15	NHD Stores	36	33	3	9
16	Lanoga	126	124	2	2
17	Orchard Supply	33	31	2	6
18	Wolf Organization	32	30	2	7
19	The Paty Co.	8	6	2	33
20	Erb Lumber	51	50	1	2
21	Valu Home Centers	28	27	1	4
22	National Lumber *	21	20	1	5
23	Stambaugh-Thomp.	21	20	1	5
24	BMC West	21	20	1	5
25	Busy Beaver	16	15	1	7
Totals and Averages		1,708	1,576	132	13

INCREASE IN SQUARE FOOTAGE

Rank	Company	Showroom sq. ft. Store avg. 1989	1988	Stores 1989	Stores 1988	Total Sq. Ft. Added
1	The Home Depot	88,000	86,000	118	96	2,128,000
2	HomeClub	100,000	100,000	58	46	1,200,000
3	Lowe's Cos.	20,324	17,104	306	296	1,156,360
4	Hechinger	60,000	60,000	107	92	900,000
5	Builders Square *	80,000	80,000	142	133	720,000
6	Sutherland	27,000	22,000	92	85	614,000
7	Pergament	60,000	40,000	35	40	500,000
8	Scotty's	50,000	49,000	165	160	410,000
9	Menard's	70,000	70,000	45	40	350,000
10	Orchard Supply	40,000	35,000	33	31	235,000
11	Handy Andy*	68,000	68,000	52	49	204,000
12	Wolohan Lumber	24,800	23,000	48	45	155,400
13	Westlake Hardware	22,000	22,000	54	48	132,000
14	Builders Discount	90,000	85,000	4	3	105,000
15	The Paty Co.	25,000	20,000	8	6	80,000
16	Fagen's	8,000	8,000	23	15	64,000
17	National Lumber*	60,000	60,000	21	20	60,000
18	McCoy's	15,000	15,000	90	86	60,000
19	NHD Stores	16,000	16,000	36	33	48,000
20	Chase-Pitkin	48,000	48,000	12	11	48,000
21	Stambaugh-Thomp.	27,845	27,500	21	20	34,745
22	Star Lumber	30,000	30,000	4	3	30,000
23	Valu Home Centers	27,000	27,000	28	27	27,000
24	Busy Beaver	25,000	25,000	16	15	25,000
25	Erb Lumber	12,200	12,000	51	50	22,200
Totals and Averages		43,767	41,824	1,569	1,450	372,348

* NHCN estimate

Secondary sorting criteria was number of stores in 1988

NHCN charts

Chains squeeze more sales out of existing stores

The Home Depot dominated in many of the growth categories among the industry's 100 largest retailers. However, its performance, while remarkable, was not singular, as other chains also showed strengths in a number of areas that surpassed the Atlanta-based warehouse chain.

Indeed, using one kind of not-totally-flawless index, it could be argued that the Erb Lumber chain in the Midwest was the most productive of the industry's Top 25 dealers.

But among the 100 largest companies, the big news remains that dealers, with some exceptions, still prefer to add to existing stores, rather than open new ones, to increase their sales volume and store productivity.

In an industry that grew less than 2 percent in 1989, the Top 100's revenues expanded by 7 percent to \$28.4 billion, which corresponded to the nearly 5 percent more square footage the top quartile added to its stores.

Symbolic of this trend was Pergament Home Centers, which closed five units in 1989 and added 500,000 square feet by boosting the average size of its remaining 35 stores by 20,000 square feet each.

Lowe's only added 10 stores last year, but the North Carolina-based chain expanded by a net of 1,156,360 square feet, mostly be-

(Continued on page 74)

Even in a soft market, both larger chains and independents continue to enter markets by building new stores. But the industry trend has been for companies to produce more sales by expanding already existing units.

Productivity of the Top 25 1989 / 1988

SALES PER SQUARE FEET

Rank	Company	Sales \$ Mil. 1989	Stores 1989	Showroom Sq. Ft. Store avg. 1989	Sales Per Sq. Ft.
1	Wickes Lumber	1,000	195	9,000	570
2	Erb Lumber	339	51	12,200	545
3	Lanoga	380	126	7,000	431
4	Lowe's Cos.	2,651	306	20,324	426
5	Payless Cashways	2,004	195	27,000	381
6	Moore's	300	59	16,000	318
7	Sutherland	726	92	27,000	292
8	The Home Depot	2,759	118	88,000	266
9	Rickel	503	50	42,000	240
10	Wolohan Lumber	272	48	24,800	228
11	Menard's	660	45	70,000	210
12	Channel	575	90	31,025	206
13	Hechinger	1,230	107	60,000	192
14	HomeClub	1,072	58	100,000	185
15	Builders Emporium	630	108	35,000	167
16	Grossman's	801	157	31,900	160
17	Builders Square *	1,800	142	80,000	158
18	Pergament	307	35	60,000	146
19	Pay 'N Pak	462	102	34,000	133
20	Central Hardware *	300	38	65,000	121
21	84 Lumber	800	334	20,000	120
22	Handy Andy *	420	52	68,000	119
23	Ernst Home & Nursery	275	73	33,000	114
24	West Building Mat'ls	265	65	45,000	91
25	Scotty's	570	165	50,000	69
Totals and Averages		21,142	2,811	42,250	236

* NHCN estimate

SALES PER STORE

Rank	Company	Sales \$ Mil. 1989	Stores 1989	Sales Per Store \$ Mil.
1	The Home Depot	2,759	118	23
2	HomeClub	1,072	58	18
3	Menard's	660	45	15
4	Builders Square *	1,800	142	13
5	Hechinger	1,230	107	11
6	Payless Cashways	2,004	195	10
7	Rickel	503	50	10
8	Pergament	307	35	9
9	Lowe's Cos.	2,651	306	9
10	Handy Andy *	420	52	8
11	Central Hardware *	300	38	8
12	Sutherland	726	92	8
13	Erb Lumber	339	51	7
14	Channel	575	90	6
15	Builders Emporium	630	108	6
16	Wolohan Lumber	272	48	6
17	Wickes Lumber	1,000	195	5
18	Grossman's	801	157	5
19	Moore's	300	59	5
20	Pay 'N Pak	462	102	5
21	West Building Mat'ls	265	65	4
22	Ernst Home & Nursery	275	73	4
23	Scotty's	570	165	3
24	Lanoga	380	126	3
25	84 Lumber	800	334	2
Totals and Averages		21,142	2,811	8

SALES PER EMPLOYEE

Rank	Company	Sales \$ Mil. 1989	Employees 1989	Sales Per Employee
1	84 Lumber	800	3,300	242,424
2	Sutherland	726	3,200	226,875
3	Erb Lumber	339	1,700	199,412
4	Pay 'N Pak	462	2,400	192,500
5	Menard's	660	3,700	178,378
6	Lowe's Cos.	2,651	15,300	173,268
7	Lanoga	380	2,200	172,727
8	Wickes Lumber	1,000	6,200	161,290
9	Wolohan Lumber	272	1,690	160,947
10	The Home Depot	2,759	17,500	157,657
11	Grossman's	801	5,200	154,038
12	HomeClub	1,072	7,500	142,933
13	Channel	575	4,500	127,778
14	Payless Cashways	2,004	16,000	125,250
15	Ernst Home & Nursery	275	2,200	125,000
16	Moore's	300	2,500	120,000
17	Builders Square *	1,800	16,500	109,091
18	Builders Emporium	630	6,000	105,000
19	Handy Andy *	420	4,500	93,333
20	Pergament	307	3,300	93,030
21	Rickel	503	5,500	91,455
22	West Building Mat'ls	265	3,000	88,333
23	Scotty's	570	6,800	83,824
24	Hechinger	1,230	15,000	82,000
25	Central Hardware *	300	4,200	71,429
Totals and Averages		21,142	159,890	139,213

NHCN charts

The warehouse chains continue to lead the pack in producing ever-growing sales per store. However, smaller-sized lumberyards that use fewer workers per store (a typical Wickes Lumber employs 32, whereas a typical Home Depot will operate with 125) are getting more sales out of their work force.

Dealers beef up their stores

(Continued from page 70)
cause its average store size increased by nearly 19 percent to 20,324 square feet. Wolo-han Lumber bulked up by

81,000 square feet simply by adding 2,000 square feet to the average size of its 45 units. Adding square footage to existing units is part of a larg-

er move towards consolidation which finds retailers investing only in those stores that have long-range potential. That 84 Lumber led the industry in total number of stores after closing 35 units in 1989 is evidence that the era of running units

with shallow profits is over.

New stores added

But dealers around the country were less concerned about competing against larger neighbors than meeting new competitors entering

their markets, particularly when that competitor was a warehouse chain.

The race for adding new stores is being run these days by an ever-shrinking field, primarily because it's so expensive to open a new store. However, those that are expanding in earnest are doing so more aggressively than ever. Home Depot is perhaps the most feared among these dealers, as it increased its store count by 23 percent last year, and says it will add another 32 units in 1990.

Other chains, such as McCoy's, continued to add stores at a steady clip. BMC West and Carolina Builders have used recent acquisitions to emerge as formidable regional players.

But it's companies such as Home Depot, HomeClub, Menard's and Hechinger that are most feared for the sales that each company's stores can sap from a market.

When one of these companies' new stores can enter a market and, in its first year, capture \$15 million to \$25 million in sales (or, in Home Depot's case in New Jersey, an estimated \$40 million), everybody else has something to worry about.

Productivity is subjective

Oftentimes, however, it's impossible to compare companies head-to-head. Some use part-time help more than others or don't adequately man their sales floors, so a sales per employee comparison isn't always a true barometer. Several lumberyards actually have as much "square footage" as the warehouse stores because of the huge outdoor stocking areas they maintain, but their sales per square foot numbers almost always look stronger because they don't factor in outdoor space.

But accepting these variables at face value, it's interesting to see where different chains among the top 25 rate if judged by combining where they rank in sales per store, square foot and employee.

For example, among these chains, Erb Lumber, the 50-unit chain based outside of Detroit, ranked second in sales per square foot, 13th in sales per store and third in sales per employee, giving the chain an average productivity ranking of 6.

Using this index, Erb would be followed by Home Depot (ranking eighth, first and 10th in the respective categories for an average of 6.3), Menard's (11th, third and fifth, for an average of 6.3), and Lowe's (fourth, ninth and sixth, for a 6.3 average). ♦

"BIGGEST HIT OF THE HOME CENTER SHOW!"

"REMARKABLE PRODUCT..."

"THE DEMONSTRATION REALLY IMPRESSED ME..."

"...LONG OVERDUE. WE NEED THIS PRODUCT..."

"WORKS LIKE MAGIC..."

These were a few of the enthusiastic comments from buyers at the March, 1990 Home Center Show, as they watched a demonstration of a new product from Evans.

If you missed the demonstration, you can still catch a re-run of our show...



Introducing...

Ruff-Cote

TEXTURE PAINT REMOVER

Ruff-Cote Texture Paint Remover (TPR) is a new formulation designed to remove all kinds of latex texture paints—sand, stucco, "popcorn", wall, ceiling—quickly, safely and easily.

It softens texture paint so it can be scraped off, yet won't damage the drywall or plaster.

Easy on. Easy off.

They had to see it to believe it at the Home Center Show.

So give us a call, and we'll demonstrate!

Stay-Tite / Evans Paints

Roanoke, Va. 24016
Tel. 1-800-336-5999
In VA 1-800-468-1041

Circle 45 on Reader Service Card

Independents inch ahead, though several score big

Dealers concentrate on raising profits and boosting DIY sales, with west coast indys showing strongest results

Independents—those companies with three or fewer stores—went through a tough 1989, as their collective sales expanded by less than 1 percent.

The 138 companies that fall under this definition of independents accounted for around 10 percent of the \$34.7 billion generated by the industry's largest 350 retailers as ranked by *NHCN's Retail Scoreboard*.

But despite slow growth by the independents as a whole, there were a number of companies that improved their businesses by reducing costs to raise profits, adding new departments to their stores, and enlarging their existing facilities.

Profits on the uptick

As the accompanying charts reveal, Home Depot wasn't the only company in the industry to register big numbers last year. Led by Golden State Lumber in San Rafael, Calif., which jumped almost 67 percent in sales to \$50 million last year, several high-volume independents survived a downturn in home building and the onslaught of bigger competitors quite adequately.

More telling is the fact that among the top 10 independents in percentage sales gains, six were based in California, illustrating the overall strength of that state's market.

Significantly, an equal number of companies shored up their overhead and reported strong profits for 1989. These include Shaw Lumber in St. Paul, Minn., which had flat sales but saw its profits rise 30 percent. Company treasurer Mark Lindgren said the dealer is budgeting for another 20 percent income gain this year.

Austin, Texas-based Calcasieu Lumber symbolized the recovery of the Lone Star State with a 20 percent increase in net income.

Eastern Lumber in Amesbury, Mass., improved profits

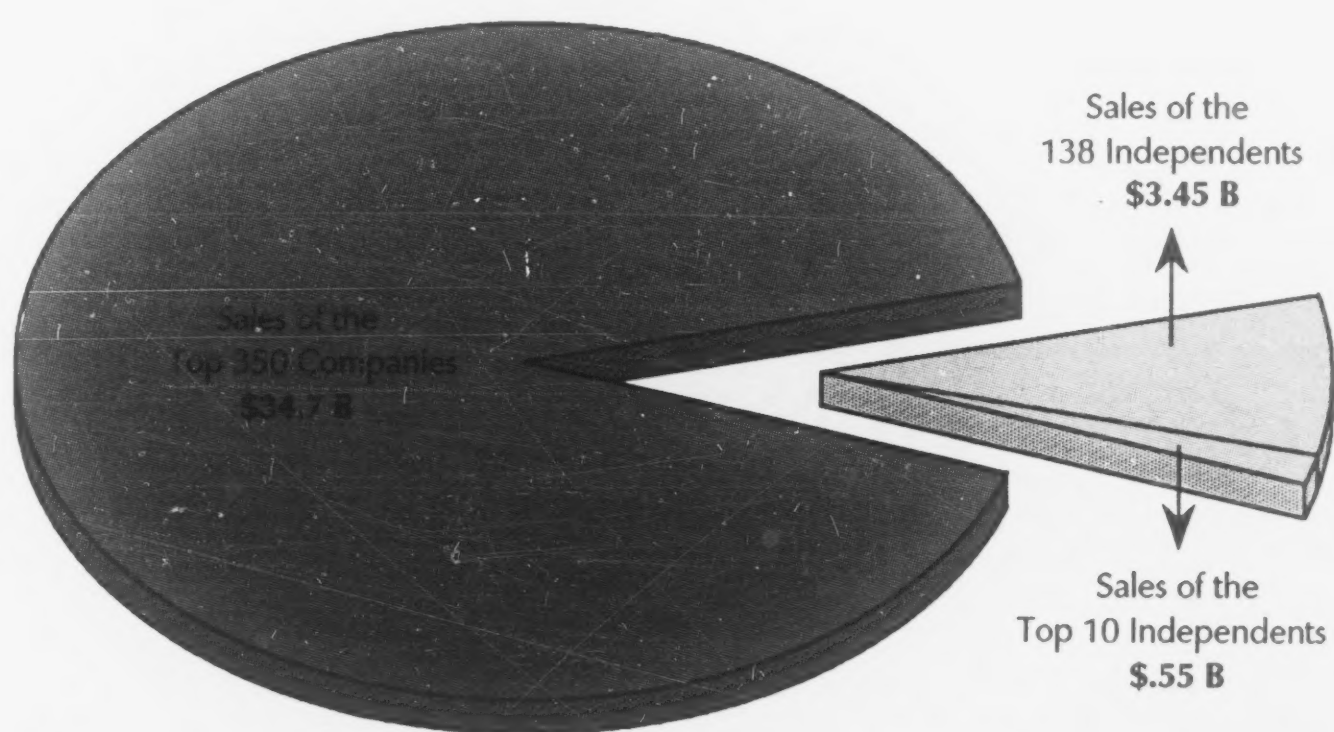
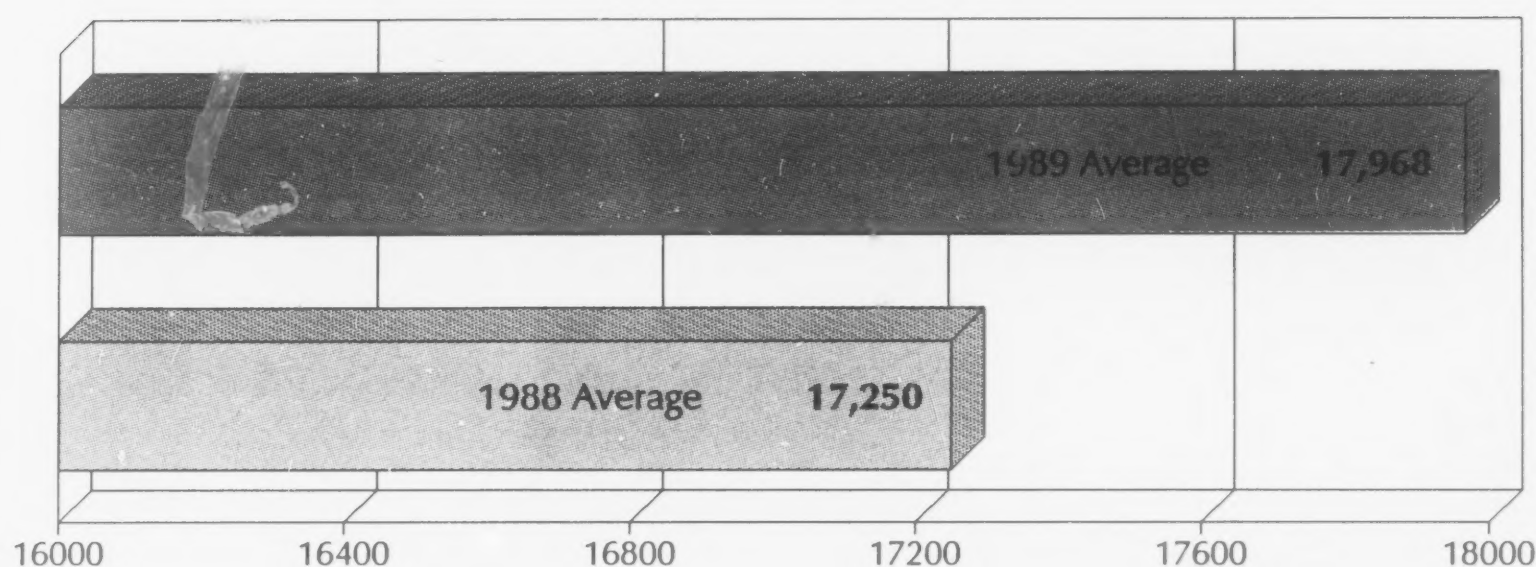
by 25 percent despite a \$1 million drop in sales by cutting its inventory nearly 40 percent to 15,500 stockkeeping units and, said sales manager Mike Johnson, "emphasizing markets, sometimes by sacrificing sales. We're trying to even both out this year."

Millwork, K&B expanded

For many independents, though, making money was a struggle in 1989. Consequently, several companies are looking for new ways to generate sales, and that's meant adding new product categories and expanding their showrooms to accommodate more inventory.

Barrons Gaithersburg Lumber in Maryland, whose sales rose only 4 percent last year, bumped its sku total by 500 to 16,500, and added an appliance sales department that

Square Footage For Top Independents



Independents among the industry's top 350 retailers actually accounted for a slightly smaller percentage of total sales than in 1988. But the 10 largest independents increased their share of all independent sales to nearly 16 percent of the total.

A BRAND NEW WAY TO HEAT UP SALES!

Now you can offer your do-it-yourself customers a full range of commercial quality, supplemental heating units.

From installed baseboard, wall and floor models to portable single and dual wattage models, the Fahrenheit line has special

appeal to the quality/style conscious upscale DIY market.

Plus, when the selling season heats up, Fahrenheit follows through to support you with powerful merchandising and consumer advertising programs.

Quality Residential Heating Products

Attention-getting network radio commercials

Circle 47 on Reader Service Card

RETAIL SCOREBOARD

features General Electric brand products.

Like many in the industry, a number of dealers expanded their millwork assortments. Buena Park Lumber in California expanded its showroom space by 2,000 square feet to 28,000 square feet to make way for a larger cabinet department and a new window and door department, according to its president John Nelson.

Fort Myers Lumber and Supply in Florida added a new truss plant and expanded its yard by five acres to accommodate its addition of Andersen windows and hollow metal doors this year. Midpac Lum-

H.G. Page & Sons, the Poughkeepsie, N.Y., dealer, added a new kitchen and bath department as part of its effort to expand retail sales from their current 35 percent of total company volume.

Christy's Supply in Medford, N.J., also added a K&B department as part of a much larger product expansion that included adding an area for lawn and garden and housewares, and expanding its assortments in paint, electricals, plumbing, hardware and lumber.

Company president Gerald Greene reports that all this inventory growth, which includ-

For many independents, making money was a struggle in 1989. Consequently, several companies are looking for new ways to generate sales, and that's meant adding new product categories and expanding their showrooms to accommodate more inventory.

ber in Honolulu acquired two millwork brand names—West Tech Cabinets and Hurd Windows and Millwork.

The \$33 million Midpac also accomplished "a major increase" in its plumbing department, said company president Michael Yoshida, a move that was in line with the dramatic expansion of high-volume, high-margin kitchen and bath lines by independents across the country.

ed a boost in skus by 14 percent to 40,000 items, called for a change in promotional activity, so the company initiated a new ad program. Christy's also gave lines more display space by doubling the size of one of its units and adding a third store last year.

Opening up the showroom

Christy's wasn't alone among independents who saw the need to break out of their

Rank	Company	\$ Mil.		Employees		Sales Per \$ Employee		Net Change \$	% Change
		1989	1988	1989	1988	1989	1988		
1	East Coast Lumber, East Hampstead, N.H.	25	53	50	210	500,000	252,381	247,619	98.1
2	Golden State Lumber, San Rafael, Calif.	50	30	100	100	500,000	300,000	200,000	66.7
3	Grove Lumber, Ontario, Calif.	38	28	100	100	380,000	280,000	100,000	35.7
4	Sawyer Cleator Lumber Co., Osseo, Minn.	13	13	45	65	288,889	200,000	88,889	44.4
5	Yankee Supply Corp., Hollis, N.Y.	22	22	50	60	440,000	366,667	73,333	20.0
6	Columbia Lumber & Mfg., Columbia, S.C.	15	12	55	55	272,727	218,182	54,545	25.0
7	Eastern Lumber, Amesbury, Mass.	14	15	46	60	304,348	250,000	54,348	21.7
8	Champion Lumber, Riverside, Calif.	35	31	80	80	437,500	387,500	50,000	12.9
9	Chopp & Co., Brandywine, Md.	14	13	20	20	700,000	650,000	50,000	7.7
10	Mullen Lumber Co., Sudbury, Mass.	14	16	45	60	311,111	266,667	44,444	16.7
Totals		240	233	591	810	413,458	317,140	96,318	35
Averages		24	23	59	81	413,458	317,140	96,318	35

NHCN chart

Rank	Company	\$ Mil.		Net Change	% Change
		Sales 1989	Sales 1988		
1	Golden State Lumber, San Rafael, Calif.	50	30	20	66.7
2	Grove Lumber, Ontario, Calif.	38	28	10	35.7
3	Lee Lumber & Building Materials, Chicago, Ill.	23	15	8	53.3
4	Central Valley Builders Supply, St. Helena, Calif.	27	20	7	35.0
5	Builders Supply, Omaha	40	33	7	21.2
6	Marling Lumber Co., Madison, Wis.	24	18	6	33.3
7	McLendon Hardware, Inc., Renton, Wash.	24	18	6	33.3
8	Midpac Lumber Co., Honolulu	33	27	6	22.2
9	Yaeger & Kirk, Santa Rosa, Calif.	35	29	6	20.7
10	Home Lumber, San Bernadino, Calif.	30	25	5	20.0
—	Westside Building Materials, Anaheim, Calif.	30	25	5	20.0
Totals and Averages		354	268	8	33

NHCN Chart

lumberyard mold and give more selling area to products in their showrooms.

Ganahl Lumber, the Anaheim, Calif., dealer with three stores, saw its profits rise 57 percent in 1989, as it beefed up its departments for millwork and hardwood. Company president Peter Ganahl reports that his company will completely remodel two of its three stores in 1990.

O.C. Cluss, a two-store company in Uniontown, Pa.,

this spring was in the process of remodeling its units to revamp its kitchen and bath and millwork departments. The company, whose stores average 16,500 square feet, will also open a new 22,000-square-foot unit in Beaver County, Pa., this September.

Chopp & Co., a single-store independent in Brandywine, Md., in January 1989 moved out of an old facility it had operated out of for 26 years into a larger 6,000-square-foot store

with a 36,000-square-foot warehouse on 18 acres. Michael Cannon, Chopp's president, said he saw a 3 percent rise in retail sales as a result.

While it was rare, some independents expanded their businesses through acquisition. Among these was Newkirk Ace Hardware in Rapid City, S.D., which this January purchased two independent stores in Tacoma, Wash., which Newkirk's vice president Fred Whiting predicts will add \$3 million in sales to the company coffers this year.

Niche marketing

Other dealers see their future in developing new markets that are being created by new customer demand.

For example, Santa Barbara Home Improvement Center in California last year increased its product mix by 5,000 items to 40,000 and re-oriented its assortment to include products that address serious water conservation and drought needs of its market, reported company vp Gary Simpson.

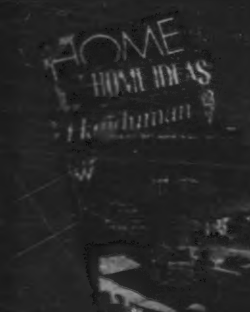
Matt's Cash & Carry Building Materials in Pharr, Texas, added a security department to its main store in response to growing homeowner concerns about thefts and break-ins.

It cannot be said, though, that independent dealers were abandoning their traditional home improvement customers. For some, "niche marketing" means drawing more remodelers into their stores, as is the case with Dooley's Hardware in Long Beach, Calif., which now opens its doors at 7 a.m. ♦



Hard hitting point-of-purchase headers

High impact, full-color hard selling packaging



Exciting consumer ads in leading shelter magazines

Support merchandising with consumer handouts and newspaper ad slicks

California falls victim to sluggish sales growth projected for all

Home improvement sales in California, the nation's largest market for these products by far, and Los Angeles, its largest metro market, are projected to grow at a much slower pace this year, as states and cities nationwide are catching their second wind.

While only Delaware and Maryland are expected to see an overall decline in retail sales of lumber, building materials and hardware this year, most states—with few exceptions—will show single-

digit increases in this business sector, according to recent projections by the 1990 *Editor & Publisher Market Guide*.

The 50 states and the District of Columbia will produce retail home improvement sales of \$111.1 billion, slightly less than 3.8 percent above 1989, reports *E&P*.

What's perhaps more surprising is how little growth individual metro areas are expected to experience. Even in Boston, where several of the industry's major chains will be expanding this year, sales ex-

pectations don't exceed those of the country.

Dealers in the top 50 metro markets should not anticipate huge percentage sales jumps. *E&P* estimates these markets will generate \$46.1 billion in sales, a 3.3 percent increase over 1989 estimates.

California gridlock

Between 1988 and 1989, home improvement retail sales expanded by more than 11 percent in the Los Angeles metro market. But this year, L.A. becomes a symbol of the

new, less volatile realities dealers there and throughout the nation are reporting.

L.A.'s sales in this business sector remain unsurpassed—an estimated \$2.982 billion for 1990, or 2.7 percent of the nation's total. However, this market's sales represent only a 3.2 percent gain over 1989 revenues.

California, overall, is projected by *E&P* to expand by an anemic 0.2 percent to \$12.4 billion this year. One factor affecting that calculation may have been the relatively weak

performance by a number of the state's major retailers in 1989.

Builders Emporium's sales declined by 10 percent; Orchard Supply Hardware and Grossman's Northwest were flat; National Lumber filed bankruptcy.

There were home center dealers in the state, though, that reported healthy gains last year—the four-unit Barr Lumber in Los Alamitos increased its volume 27 percent to \$79 million and opened its fifth store this year in Hun-

Rank	City (Metro Area)	1989 Bl'd mat'l Sales vol. \$ mil.	1990 Bl'd mat'l Sales vol. \$ mil.	Percent Change
1	Los Angeles	2,889.3	2,982.0	3.2
2	Chicago	1,870.1	1,944.7	4.0
3	New York	1,649.8	1,735.4	5.2
4	Atlanta	1,640.5	1,708.2	4.1
5	Boston	1,614.3	1,698.7	5.2
6	Philadelphia	1,610.4	1,672.0	3.8
7	Houston	1,589.4	1,636.6	3.0
8	Detroit	1,506.0	1,585.0	5.2
9	Nassau-Suffolk, N.Y.	1,311.6	1,379.5	5.2
10	Washington D.C.	1,293.8	1,335.1	3.2
11	Anaheim/Santa Ana, Calif.	1,269.8	1,317.4	3.7
12	Minneapolis/St. Paul, Minn.	1,242.0	1,308.3	5.3
13	Dallas	1,187.1	1,222.3	3.0
14	Riverside/San Bernardino, Calif.	1,045.3	1,080.1	3.3
15	Phoenix	1,063.2	1,079.3	1.5
16	St. Louis	1,023.5	1,055.5	3.1
17	Seattle	943.3	965.0	2.3
18	Tampa/St. Petersburg, Fla.	938.3	957.6	2.1
19	San Diego	898.9	932.5	3.7
20	Denver	896.2	907.5	1.3
21	Baltimore	844.5	872.9	3.4
22	Oakland, Calif.	835.7	863.5	3.3
23	Sacramento, Calif.	743.5	769.0	3.4
24	San Jose, Calif.	698.1	726.1	4.0
25	Pittsburgh	681.0	709.6	4.2
26	San Francisco	671.6	694.5	3.4
27	Newark, N.J.	676.7	692.8	2.4
28	Ft. Worth/Arlington, Texas	646.3	665.5	3.0
29	Miami/Hialeah, Fla.	639.1	654.7	2.4
30	Kansas City, Mo.	613.1	628.7	2.5
31	Austin, Texas	590.9	608.4	3.0
32	Orlando, Fla.	593.6	603.9	1.7
33	San Antonio, Texas	601.8	603.7	0.3
34	Charlotte, N.C.	562.9	591.5	5.1
35	Oklahoma City	562.1	581.9	3.5
36	Bergen-Passaic, N.J.	552.3	565.6	2.4
37	Cleveland	512.0	525.6	2.7
38	Indianapolis	509.5	524.3	2.9
39	Norfolk/Virginia Beach, Va.	506.1	518.1	2.4
40	Ft. Lauderdale/Hollywood, Fla.	498.8	517.9	3.8
41	Cincinnati	488.8	504.0	3.1
42	Monmouth-Ocean, N.J.	491.7	504.0	2.5
43	Salt Lake City	479.6	491.8	2.5
44	Columbus, Ohio	467.7	480.8	2.8
45	Hartford, Conn.	450.2	474.4	5.4
46	Middlesex/Somerset/Hunterdon, N.J.	453.7	465.7	2.6
47	Bridgeport/Stamford, Conn.	441.3	464.7	5.3
48	New Orleans	444.1	456.6	2.8
49	Milwaukee	434.5	442.4	1.8
50	Portland, Ore.	418.8	438.9	4.8
Total and Averages		44,592.8	46,144.2	3.3

Source: Editor and Publisher

NHCN chart

		Hardware, Lumber & Building Material Sales in \$ Millions				Percent Change 89-90	5-Year Percent Change
Rank 1990	Rank 1989	STATE	1986	1987	1988	1989	1990
1	1	California	7,948,435	9,997,757	10,791,437	12,271,232	12,273,079
2	2	Texas	6,313,184	7,509,681	8,186,329	8,675,053	8,899,930
3	3	Florida	4,195,137	5,162,129	5,650,467	6,345,591	6,509,356
4	4	New York	3,814,453	4,582,843	5,035,120	5,449,515	5,680,246
5	5	Pennsylvania	2,936,517	3,612,726	3,764,572	4,197,617	5,389,077
6	6	Illinois	2,964,943	3,618,849	3,840,915	4,143,961	4,312,903
7	7	Michigan	2,374,984	2,910,076	3,228,616	3,685,578	3,864,746
8	8	Ohio	2,550,749	3,251,940	3,304,288	3,591,415	3,698,337
9	9	North Carolina	2,412,393	2,986,589	3,008,706	3,443,849	3,606,701
10	10	Georgia	2,042,085	2,513,539	2,687,019	3,123,212	3,242,769
11	11	New Jersey	2,035,217	2,531,165	2,666,903	3,095,050	3,174,269
12	12	Massachusetts	1,873,896	2,312,185	2,367,428	2,627,893	2,763,410
13	13	Minnesota	1,878,722	2,319,704	2,359,060	2,585,643	2,738,568
14	14	Virginia	1,611,855	1,992,567	2,171,252	2,443,539	2,499,484
15	15	Washington	1,596,108	1,857,296	2,037,892	2,310,926	2,369,929
16	17	Indiana	1,691,459	1,935,689	2,160,810	2,295,205	2,362,529
17	16	Missouri	1,665,076	1,884,267	2,074,472	2,300,571	2,216,729
18	18	Wisconsin	1,473,909	1,835,569	1,912,585	2,112,457	2,153,888
19	19	Louisiana	1,588,127	1,811,675	2,062,052	2,045,389	2,112,681
20	20	Colorado	1,432,574	1,716,211	1,888,142	2,017,001	2,048,875
21	21	Tennessee	1,272,002	1,592,722	1,674,766	1,865,293	1,909,074
22	23	Arizona	1,102,386	1,438,382	1,491,799	1,719,860	1,745,963
23	22	Maryland	1,236,459	1,486,190	1,514,491	1,747,803	1,699,499
24	24	South Carolina	1,092,096	1,351,933	1,427,049	1,567,535	1,646,669
25	25	Alabama	1,503,104	1,305,816	1,393,934	1,560,034	1,593,940
26	26	Oklahoma	1,277,661	1,433,516	1,504,480	1,528,272	1,581,999
27	27	Iowa	1,070,011	1,216,762	1,440,189	1,504,156	1,559,114
28	28	Connecticut	1,027,674	1,283,859	1,322,763	1,457,802	1,536,052
29	29	Kentucky	1,043,113	1,217,250	1,330,516	1,423,549	1,500,670
30	30	Kansas	858,957	1,008,600	1,167,170	1,218,105	1,247,333
31	31	Oregon	767,286	922,787	1,019,000	1,142,276	1,193,102
32	32	Arkansas	703,976	841,886	902,357	1,002,414	1,043,675
33	33	Mississippi	701,845	847,374	854,168	929,210	977,944
34	34	New Hampshire	531,621	694,703	744,458	882,097	931,023
35	35	Nebraska	601,064	708,287	827,001	866,559	911,132
36	36	New Mexico	580,742	712,666	770,792	834,326	837,488
37	38	West Virginia	576,380	667,297	763,813	766,330	807,488
38	37	Utah	537,778	656,632	735,398	784,096	802,164
39	39	Maine	464,828	586,375	600,681	678,921	715,009
40	40	Alaska	545,962	633,406	638,160	651,579	662,659
41	41	Nevada	407,481	510,584	546,948	603,188	632,675
42	42	Idaho	368,179	427,215	471,813	504,145	531,606
43	43	Montana	354,120	404,342	482,538	499,904	508,614
44	44	North Dakota	353,495	406,991	423,181	407,573	430,608
45	45	Vermont	269,517	340,854	346,453	405,748	422,412
46	46	South Dakota	288,888	329,656	368,370	392,159	413,961
47	47	Rhode Island	263,713	320,001	332,005	365,261	385,925
48	49	Wyoming	265,903	305,203	324,820	323,825	339,623
49	50	Hawaii	216,809	261,098	288,159	321,736	337,905
50	48	Delaware	227,410	278,697	308,184	338,437	269,248
Total:			74,910,283	90,533,541	97,213,521	107,052,890	111,092,080

Source: Editor and Publisher

NHCN Chart

tington Beach; the four-store Builders Discount in North Hollywood grew by 34 percent to \$67 million; Dixieline Lumber and The Terry Cos. were up 15 and 17 percent, respectively.

Pennsylvania to thrive?

As reported elsewhere in this issue, Pennsylvania is expected to be one of the states whose retail home improvement business will remain vibrant through the mid 1990s, primarily on the strength of its manufacturing and medical service sectors. And this year, *E&P* projects that Pennsylvania will be the only state with double-digit sales growth.

Oddly enough, however, the state's resilience is not expected to hold up in its two largest cities, as *E&P* foresees Philadelphia's and Pittsburgh's revenues increasing by only 3.2 and 4.2 percent, respectively.

The sluggish sales last year by several Pennsylvania-based retailers may have set the stage for *E&P*'s estimates. 84 Lumber saw its volume drop 6 percent to \$800 million; Mr. Goodbuys was off 17 percent; Busy Beaver, O. C. Cluss and M.L. Claster's were flat. Shelly Enterprises was off 17 percent.

There were some hopeful signs that could support *E&P*'s statewide predictions: Lezzer Lumber's seven stores increased sales by 11 percent to \$50 million. Fagen's, the 14-unit operation, grew by 14 percent to \$81 million.

Have Florida, Texas peaked?

Over the past five years, Florida and Texas have been flip sides of the same home improvement sales coin. Each has increased its population significantly, and has seen many of the industry's biggest companies follow that southward migration.

And even though each state has gone its separate way economically—Florida boomed while Texas busted—they remained in the forefront of generating home improvement revenues.

That, though, may be a thing of the past, as both Texas and Florida are expected to expand this business sector by only 2.6 percent in 1990. And a perusal of these states' largest cities finds that sales in Houston (which *E&P* projects will grow by only 3 percent to \$1.64 billion), Dallas (3 percent), Tampa/St. Petersburg (2 percent), Miami/Hialeah (2.4 percent) and Orlando (1.7 percent) don't offer much hope for any immediate rebound.

Some of the home centers in those and other markets in

Florida and Texas give some weight to these projections by their sales last year. Scotty's, Florida's largest chain, grew by only 3 percent in 1989; Builders Square, based in San Antonio and having many of its units in Texas, was flat; Holmes Lumber in Jacksonville was down 3 percent.

Those looking for the half-full, as opposed to half-empty glass, will find some solace in the fact that other dealers in

these states continue to squeeze sales gains out of their stores: Cox Lumber in St. Petersburg saw its 13 stores produce 20 percent more sales last year; Stripling Blake in Austin rose by 8 percent to \$26 million.

New England chowder

Despite the relative travails of the big population states, it does not appear likely that New England, the erstwhile

land of opportunity, is going to supplant any other market in importance as a home improvement mecca in the near term.

Sales in the Boston market, by *E&P*'s estimates, should rise by 5.2 percent to \$1.699 billion. This projection is made within the context of several major companies, such as Home Depot and HomeQuarters Warehouse, who plan to open units in

this market this year.

New England as a whole will be slogging through the same slow-growth mud as the rest of the country, only at a slightly more accelerated pace. Its six states will generate an estimated \$6.75 billion in retail home improvement sales this year, which represents 6 percent of the nation's total and a 5.2 percent increase over what the region did in 1989. ♦



What's more dependable...

ArvinAir's new Personal Heat/Fan (Model 29H35)—the result of our decades of heating technology combined with the latest in cost-saving manufacturing methods.

Two-heats (1000/1500 watts) and a fan-only setting for cooling in an attractive two-tone gray cabinet with all the safety features your customers have come to expect from ArvinAir.



Model MC20



Model 29H35

powerful...

High-tech black and red styling puts this powerful Mini Furnace in a class of its own.

Small in size only, this two-heat ceramic look-alike will help round off your ArvinAir Heat/Fan line. The MC20 has a fan only setting for cooling & convenient carrying handle. Best of all it carries the ArvinAir reputation and guarantee of customer satisfaction.

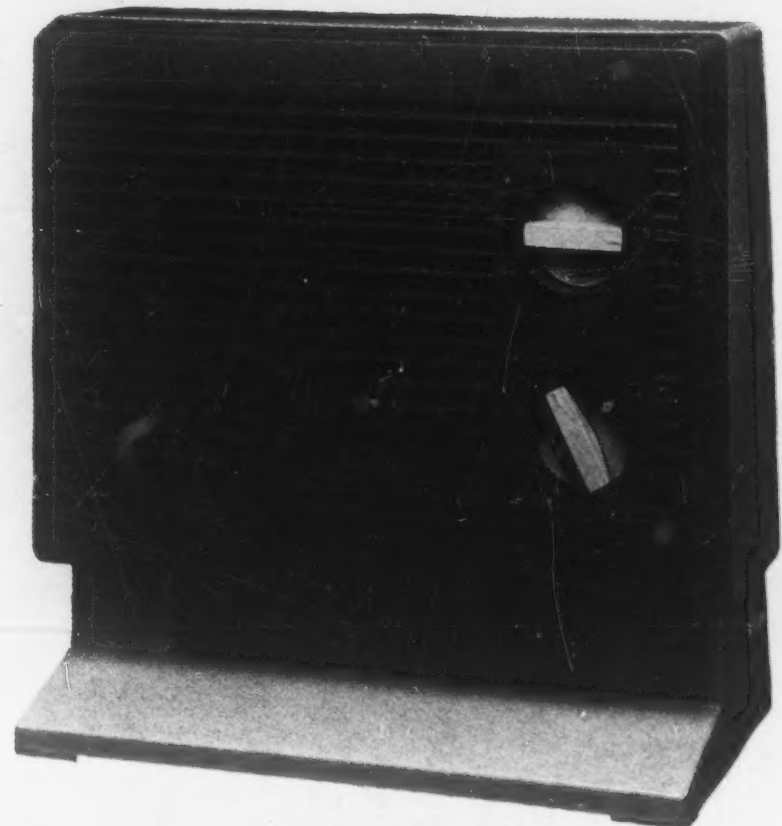
and versatile...

ArvinAir has been known for decades for its state-of-the art product development and innovation. We prove this again with the introduction of Model 29H70 our Deluxe 3-in-1 Heat/Fan. This stylish two-tone gray model can be used as an upright heater/fan, the detachable base can be mounted for use as a wall heater, leave the bracket mounted to the wall and unclip the heater/fan for use as a free-standing portable wherever needed...now that's versatility...that's ArvinAir!

than the sun?

ArvinAir heaters, of course.

ArvinAir — leading the industry in product development, innovation and a commitment to customer satisfaction.



Model 29H70

ARVINAIR
500 South 15th Street, Phoenix, Arizona 85034

Top 10 companies outpace industry in 5-year growth

The industry's 10 largest retailers as a group have grown in sales over the past five years at a rate far exceeding that of building material and hardware dealers nationwide.

The top 100 companies also enjoyed sales growth during this same period at a rate that loped past the industry as a whole, according to an analysis of sales by NHCN.

But the growth at the top has been almost entirely attributable to the warehouse phenomenon. Adding the last five years' sales together, Home Depot, HomeClub and Builders Square collectively generated 26.4 percent of the \$62.5 billion raked in by the top 10 companies.

But excluding the warehouse revenues, sales of

The fast growth at the top is attributable mainly to the warehouse phenomenon

the remaining seven companies on the 1989 list were only 2.2 percent higher than the nine non-warehouse companies in top 10 in 1985, when Home Depot was the only warehouse operator big enough to be included.

Big companies accelerate growth

With the warehouses, the 10 largest companies improved their sales over these past five years by more than 50 percent coming to a total in 1989 of \$14.8 billion.

Consistently during this period the top 10 have accounted for more than half of the sales of the top 100 companies, and last year made up one-fifth of the

(Continued on page 84)

High performance.

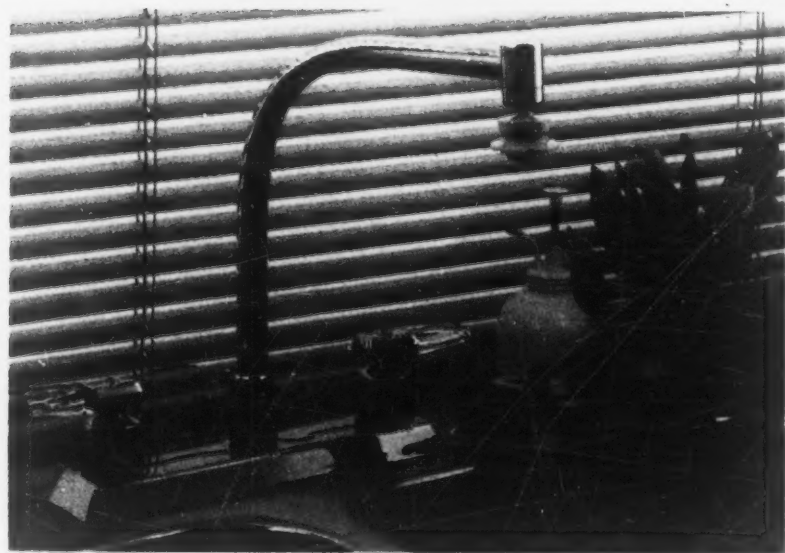


Ask about award-winning Moen marketing programs, 1-800-347-6636.



Moen. Faucets for a lifetime.
© 1990 Moen Incorporated.

High style.



Ask about unique Moen faucets, 1-800-347-6636.

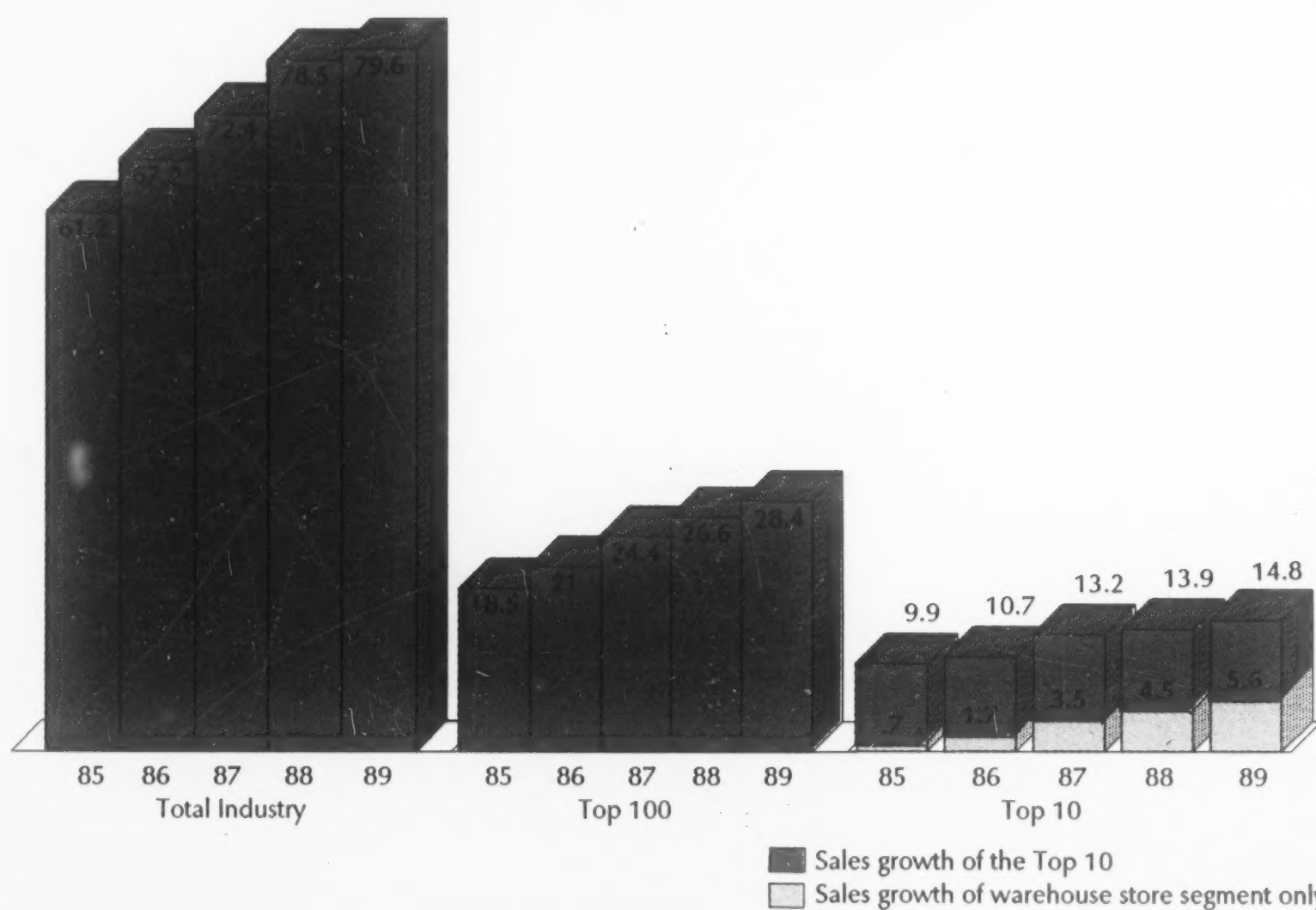


Moen. Faucets for a lifetime.
© 1990 Moen Incorporated.

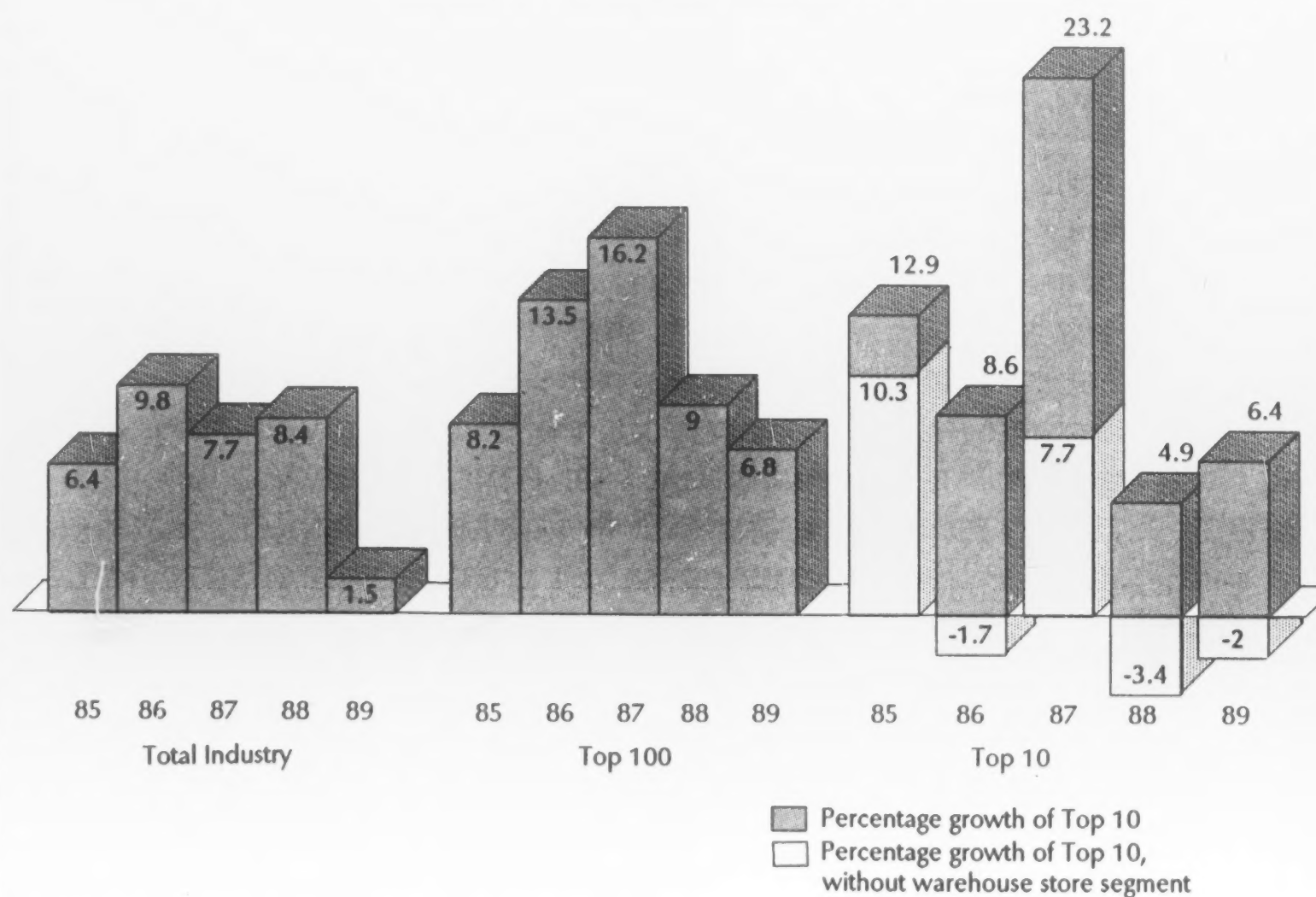
Circle 51 on Reader Service Card

5 Year Growth 1985 / 1989

SALES GROWTH in \$Billions



SALES PERCENT GROWTH



NHCN Charts

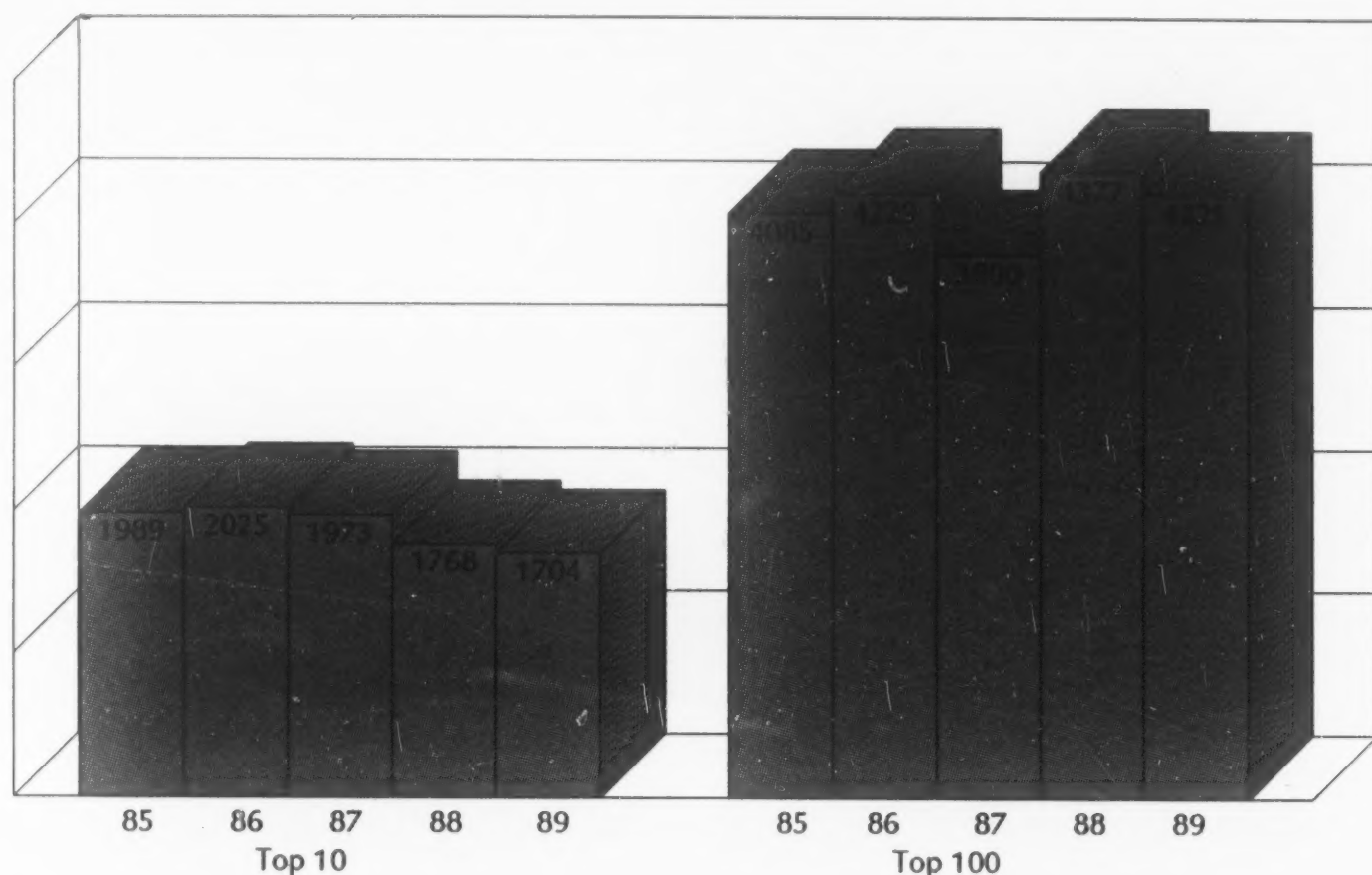
Sales are taken from each respective year's listing

Source: NHCN Research, U.S. Department of Commerce

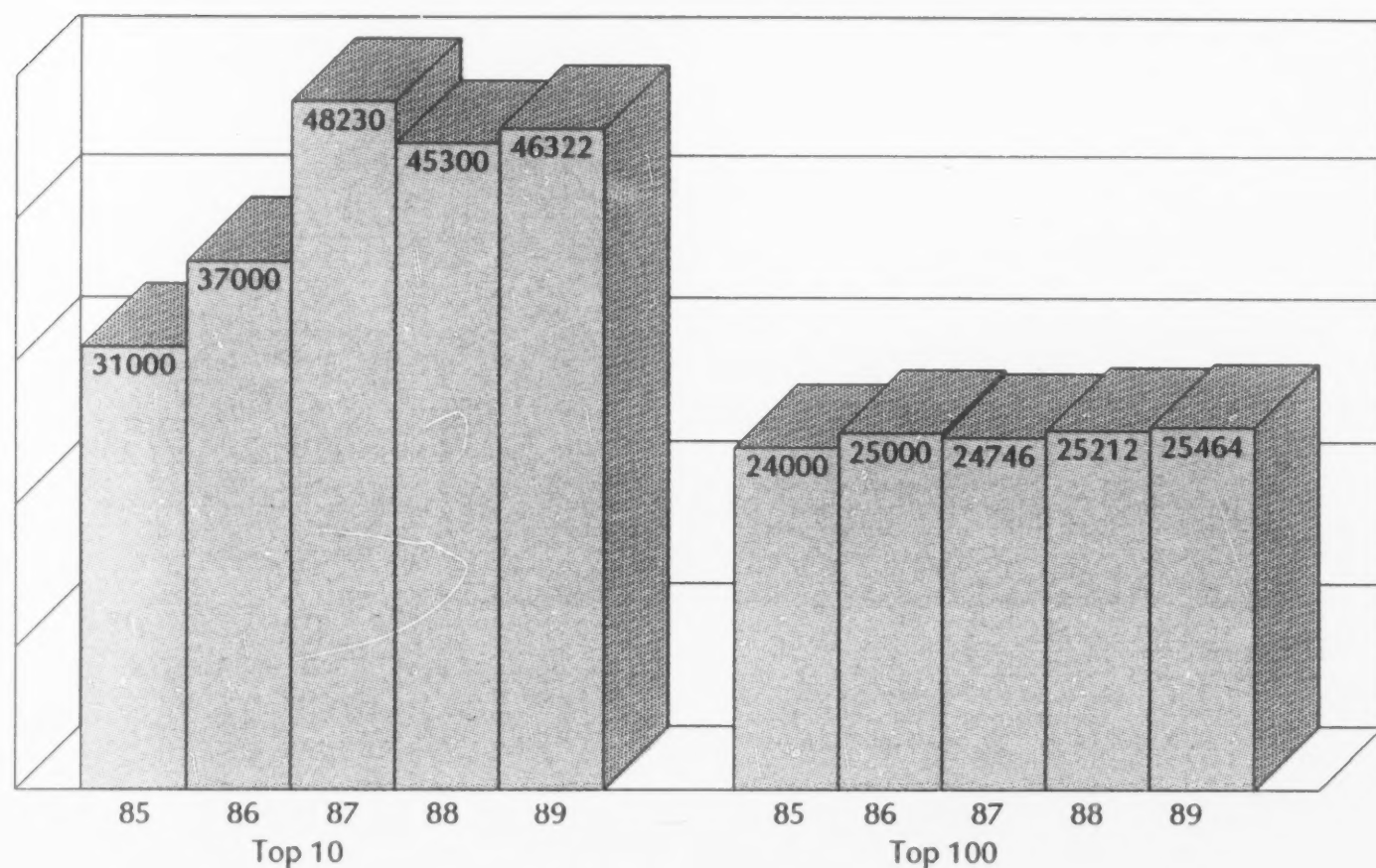
RETAIL SCOREBOARD

5 Year Industry Productivity 1985 / 1989

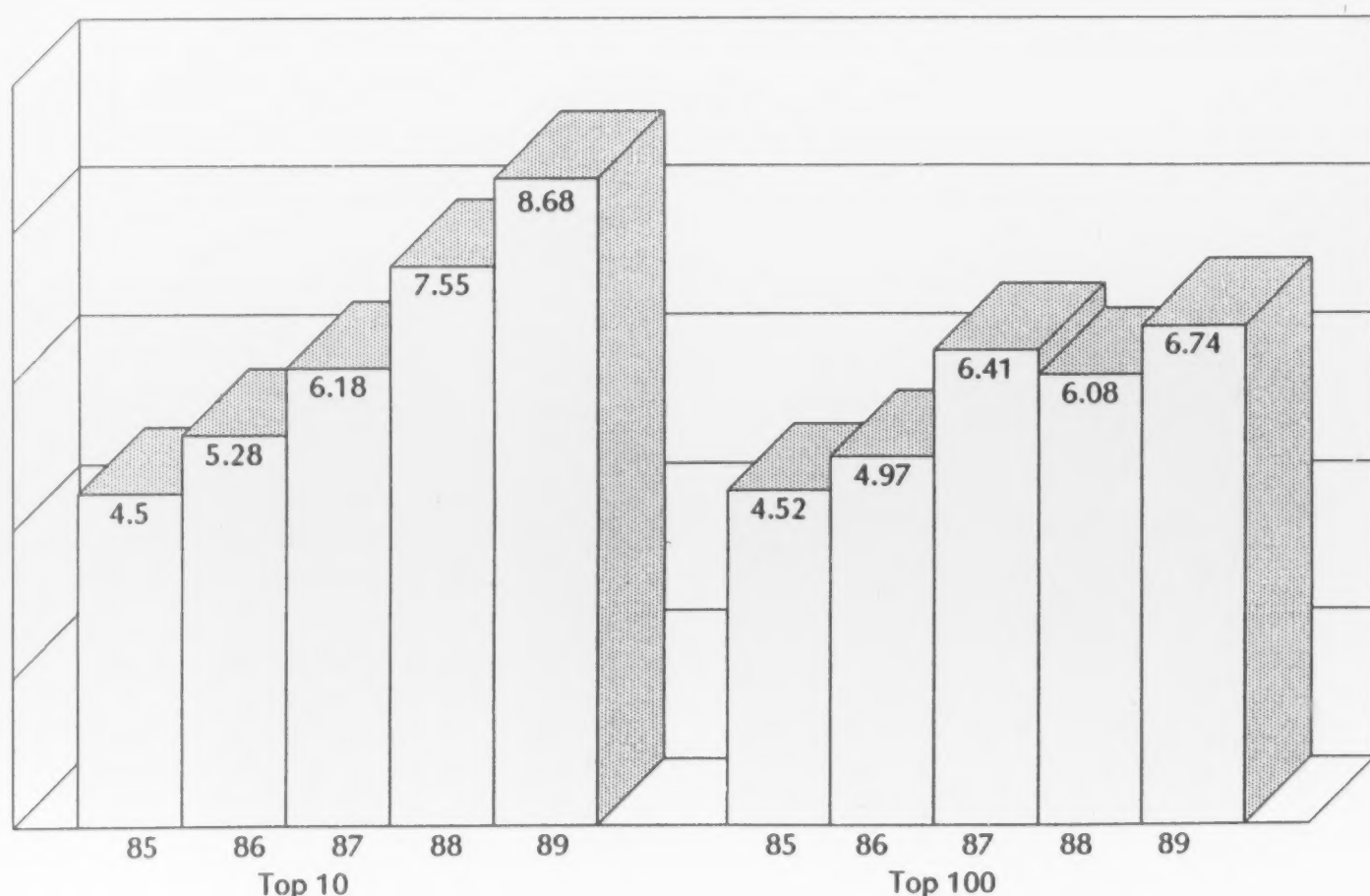
STORE UNIT GROWTH



AVERAGE STORE SQUARE FOOTAGE GROWTH



SALES PER STORE GROWTH in \$Millions



NHCN Charts

Sales are taken from each respective year's listing

Source: NHCN Research, U.S. Department of Commerce

The 10 largest companies in the industry keep taking a bigger piece of the home improvement sales pie, despite the fact that the number of stores that are operated by these companies has been declining over the past half decade.

The reason for this steady productivity has been the extent to which the industry's largest dealers have been expanding existing units, mostly as a way to bring on a broader assortment of inventory and new products.

As the accompanying chart shows, the sales per store for the top 10 companies has nearly doubled since 1985. In fact, when one calculates each company's sales per store, adds them together and divides that number by 10 (as opposed to dividing the total stores operated by the top 10 into their aggregate sales, as was done in the chart), one finds that sales per store for the group averaged \$10.54 million, compared to \$6.06 million in 1985.

High standards.



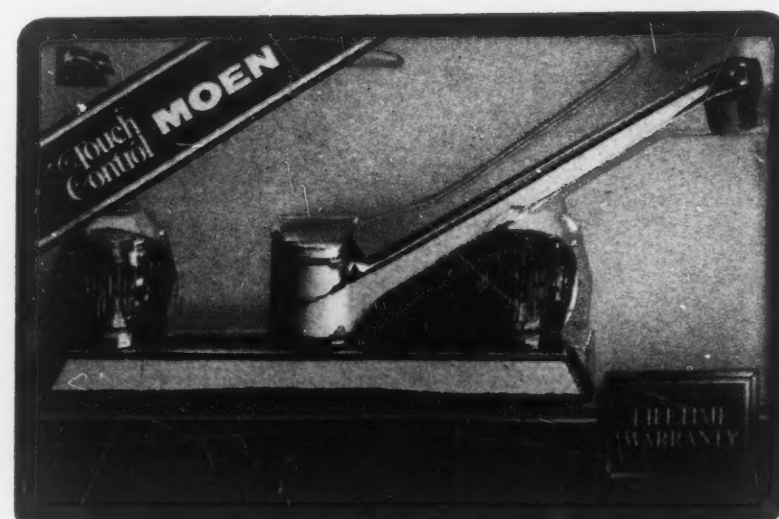
Ask about durable
Moen color sinks,
1-800-347-6636.

MOEN

Moen. Faucets for a lifetime.™

©1990 Moen Incorporated.

High visibility.



Ask about new
Moen clamshell packaging
1-800-347-6636.

MOEN

Moen. Faucets for a lifetime.™

©1990 Moen Incorporated.

Circle 52 on Reader Service Card

Growth of Top 100 companies was three times faster than industry

(Continued from page 82)
\$79.6 billion generated by all home improvement stores, according to Commerce Department figures.

When broken down more generally, the numbers show how the industry has consolidated in the recent past. In 1985, the \$18.5 billion generated by the top 100 firms was equal to 30 percent of the \$61.2 billion produced by all building materials and hardware stores as calculated by Commerce. Last year, these 100 companies accounted for 36 percent of the total.

The impact of the largest companies has, over the past half decade, negatively affected the performance of those smaller chains or independents which unquestionably are having trouble defending

themselves against the encroachment of larger competitors, or are locked into a declining home building market.

Home building sags

This was never more evident than in 1989, when the industry as a whole crawled along at a less-than-2 percent clip, while the top 10 companies expanded their sales at a rate six times faster and the top 100 grew more than three times faster.

The question, though, is whether 1989 is the beginning of a trend or an aberration, as over the previous four years the industry pretty much kept pace with the larger companies. Its sales growth may not have been as robust, but it was healthy nonetheless.

For example, in its recently

released 1989 Bottom Line Report, the National Retail Hardware Association showed that smaller dealers fared all right during this period. Between 1984 and 1988, the latest year tracked, the 137 mostly independent dealers who participated in NRHA's study reported that their sales had risen collectively nearly 60 percent to \$4,595,421 per company.

Over the years 1986-88, these retailers' sales increased at an average annual rate of more than 20 percent.

The industry as a whole, based on Commerce Dept. data, may not have been as flush as this select group, but it expanded apace. As the charts on page 82 show, total industry sales for the years 1985 and 1988 grew at an aver-

age annual rate of more than 8 percent.

Then last year, the bottom dropped out, primarily because of the stagnant housing market that cut deeply into contractor-oriented retailers' sales.

The 138 companies among NHCN's *Top 350 Retail Scoreboard* that operate three or fewer stores got only around 28 percent of their sales from retail transactions, and saw their revenues increase by less than 1 percent.

Square footage binge

That the top 10 and 100 have been able to weather the steep downturn in the home improvement industry as a whole appears to be attributable, at least in part, to how willing they've been to in-

crease their showroom space and more broadly assort their stores to cater to DIYers and remodelers. This is particularly true for the 10 largest companies.

This group has seen its average store size enlarge by nearly 50 percent over the past five years to 46,322 square feet. Over the same period, these same companies' sales per store have skyrocketed by 94 percent to an average of nearly \$9 million.

Compare that to the top 100: store size among these companies has grown by a respectable 6 percent over this time frame to an average of 25,464 square feet. Their aggregate five-year sales per store growth increased by an average of 49 percent.

However, when one factors out from the top 350 companies the square footage of the 10 largest chains—which includes the industry's Big Three warehouse operators—the remaining chains and independents would have stores that averaged only 17,320 square feet, or about two-fifths the size of the biggest companies' units.

Those companies on NHCN's list not among the top 10 saw their sales expand by only 1.6 percent last year to \$19.4 billion.

Store growth slowed

One of the interesting by-products of this square footage trend was that it has happened within the context of slower new store expansion and the move by dealers to close unproductive stores.

In the mid 1980s, it appeared that the market was bottomless and could absorb any number of stores.

While the warehouse segment of the industry exploded—going into 1990, there were more than 340 warehouse stores operated by Home Depot, Builders Square, HomeClub, Mr. Goodbuys and HomeQuarters Warehouse—the top 350 companies, as a group, actually lost 135 stores for a total of 5,479.

Among the larger and more expansion-conscious operators, this trend has been prevalent over the past half decade. Even with the number of stores the warehouse dealers have added in this period, the top 10 actually declined in total stores more than 14 percent to last year's 1,704.

That decline was spurred by 84 Lumber and Channel, which respectively closed 35 and 71 stores in 1989 alone. ♦

Build Sales Storewide

Build DIY or contractor sales for lumber, tools, nails, sealants and other accessories. Easy "How-to" mailers and a complete merchandising package build fast turns and better returns on every sale – storewide.

Circle 53 on Reader Service Card

Solid Strength Backs Up This Beauty

They say that beauty is in the eye of the beholder... We want you to take a good look. VELDURA mats appear soft and supple, yet they have an abrasive nylon bristle surface permanently bonded to a heavy duty specially formulated rubber base, giving them the strength to last for years.

Solid strength isn't the only consideration when you are trying to choreograph a purchase. You need a company you can depend on. Rubber has been manufacturing quality floor mats since 1924, so you can be sure of a great performance, every time you do business.

Take a good look. You'll agree that VELDURA mats are truly a beauty.

AMERICA'S FLOOR MAT SOURCE

(813) 273-3576 • Orange, CA (800) 237-8625

100% Rubber, Inc., 3951 E. Firstone Blvd., South Orange, NJ 07073

Circle 54 on Reader Service Card

National Outlook: *Commodities sales to rise, but slower*

By Richard Mount
Special to NHCN

Through 1995 building materials retailers face a rising trend in sales, although the rate of gain will become less in the later years of this outlook. From 1985 to 1989 retail building material sales increased 7.4 percent; from 1990 to 1995 we expect a gain of 6.8 percent.

Major changes for the economy include:

- reductions in defense spending;
- acceleration of exports to Europe;
- energy prices beginning to rise, more rapidly after 1992;
- recovery in office and hotel construction by late 1991 or 1992;
- globalization of markets—firms will need to adjust both to the bigger markets and the increased competition;

- increased rebuilding of highways, sewers and water supply systems.

The economy is slowing in 1990 as consumer spending eases, defense cut backs intensify and export markets become less robust.

Housing remains pressured due to overbuilding, affordability problems and financial difficulties at lending institutions. By the second half of 1990, interest rates will begin to ease slightly in the face of lower inflation, paving the way for a slower recovery in housing.

The reduction in East-West hostilities will be a plus for the overall economy in 1991. The immediate change will be a rise in exports and domestic investments that should more than offset the cut backs in defense. Total

growth will begin to accelerate while inflation continues to moderate. This will permit lower mortgage rates and stronger housing. New starts will respond faster than resales, especially in the new multiunit housing sector. Residential upkeep and improvement will be experiencing its fastest recovery at this time.

The period of 1992-1993 should be the strongest years for the economy during the forecast period. Housing and nonresidential construction markets will both be in recovery, capital spending will be on the rise and consumer income will increase rapidly.

By 1994, growth will begin to ease as the industries move out of the fast snap-back phase of a typical cycle and enter a period of sustainable growth.

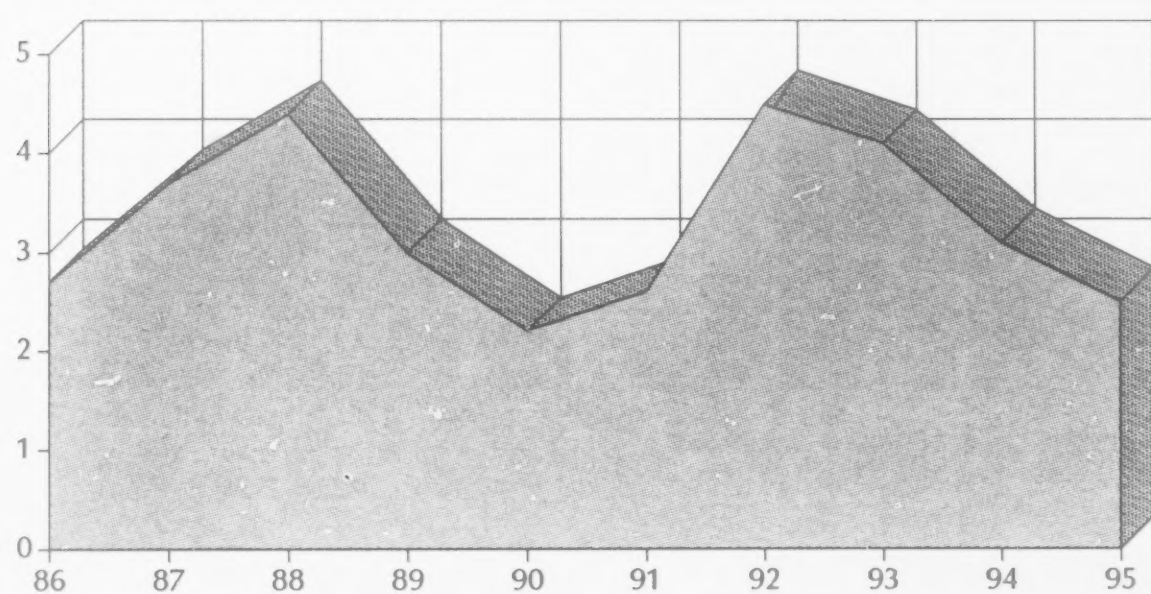
While inflation and mortgage rates should continue to ease at this time, housing will begin to feel the pressures from weak demographic demand on first time housing. The aging of the post war baby boom will increase the demand for upscale housing.

For building materials retailers, the first half of the 1990s promises to be a period of strong sales propelled by a recovery of new housing and resales, higher household incomes and strengthening in the improvements and upkeep of existing homes. Sales gains should moderate in the later years of the forecast. There will be a growing international market that should not be overlooked.

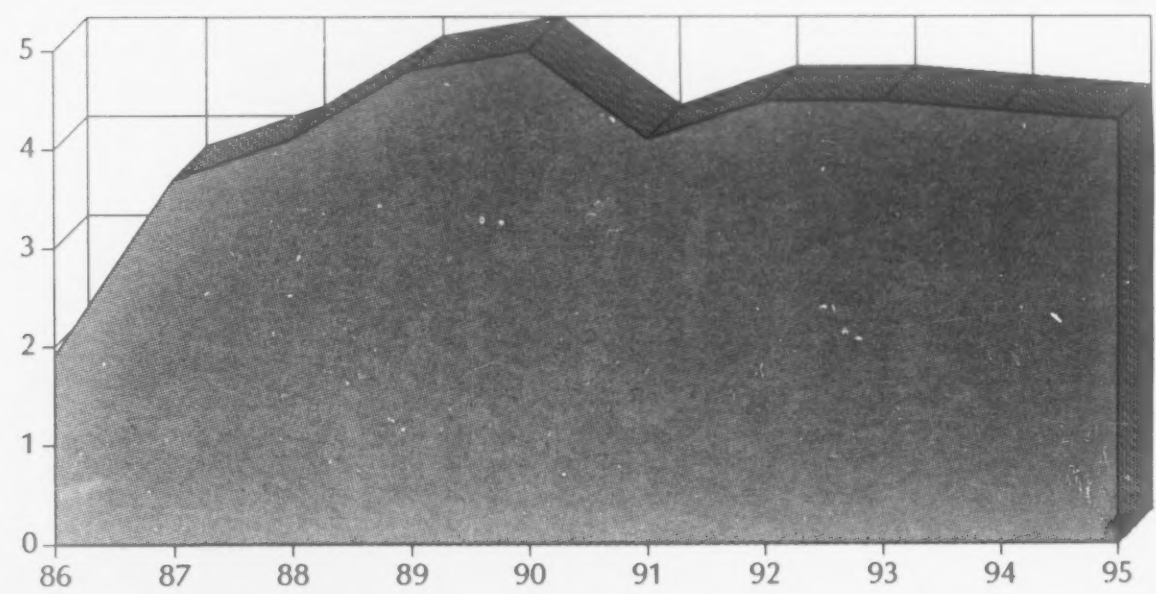
Richard Mount is president and chief economist with Mount Economic Consulting

Causes

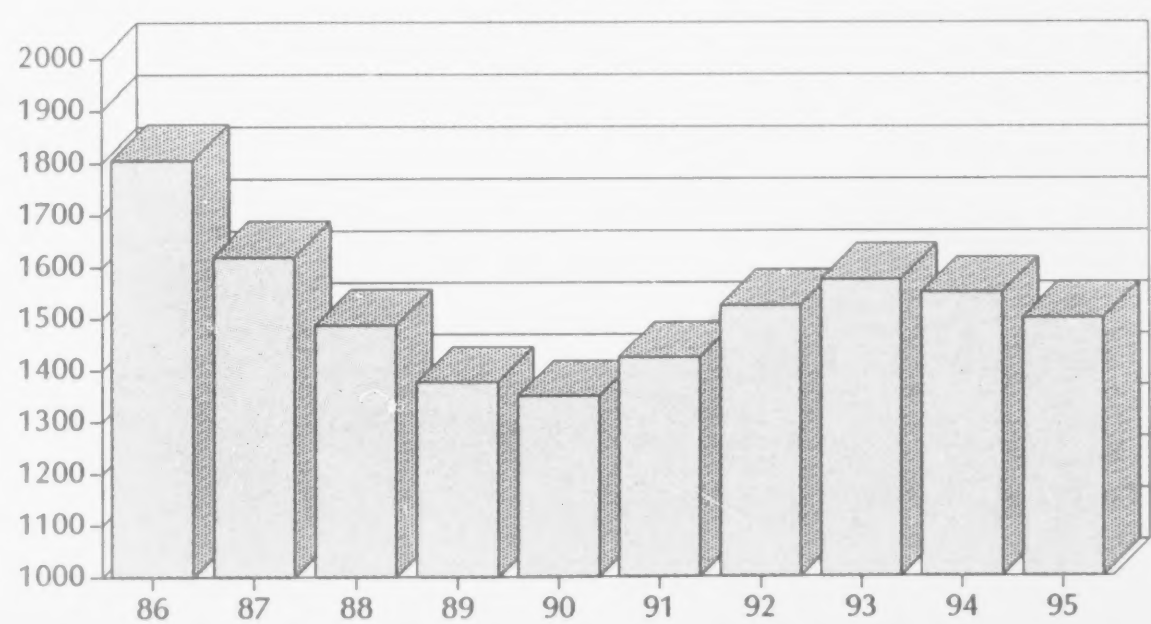
Real GNP Growth
(Percent Change)



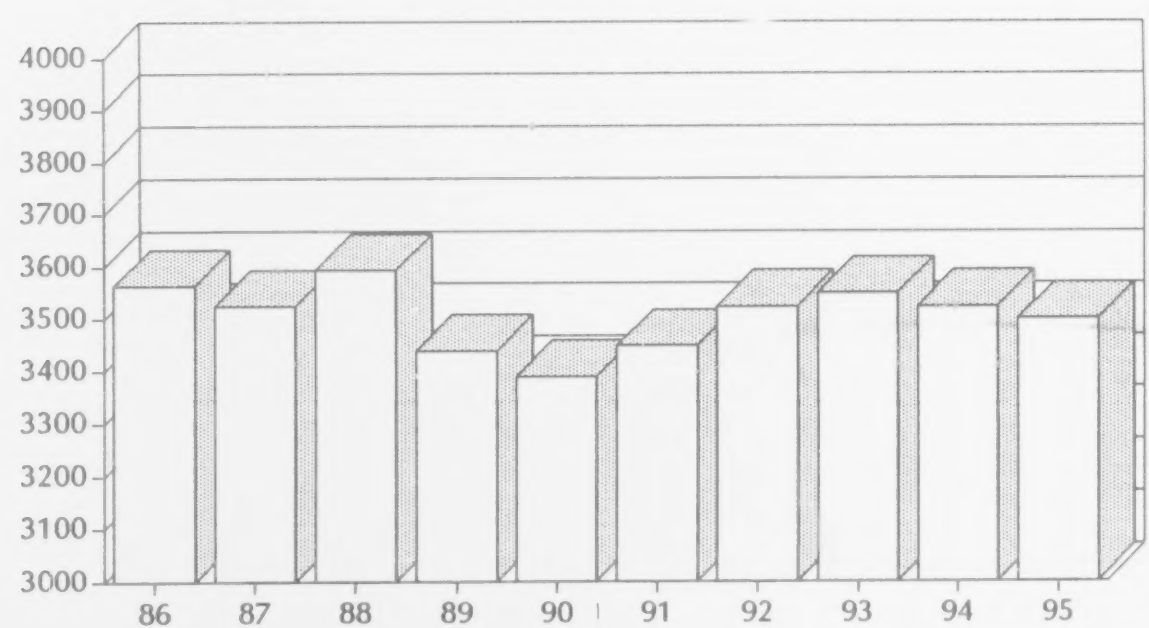
CPI Percent Change



Housing Starts
(000 Units)

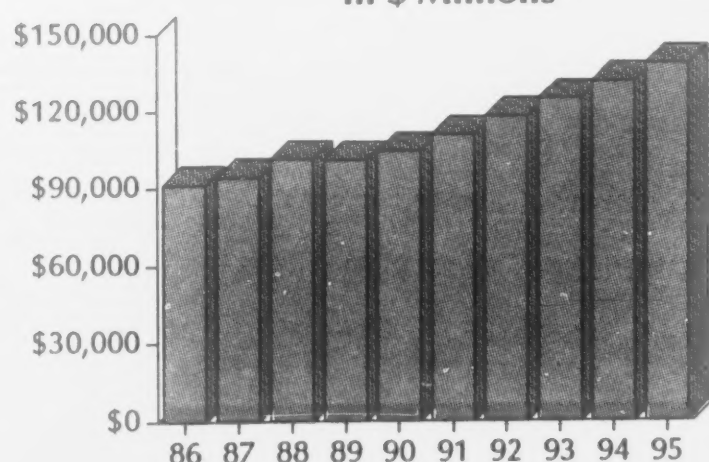


Resales
(000 Units)

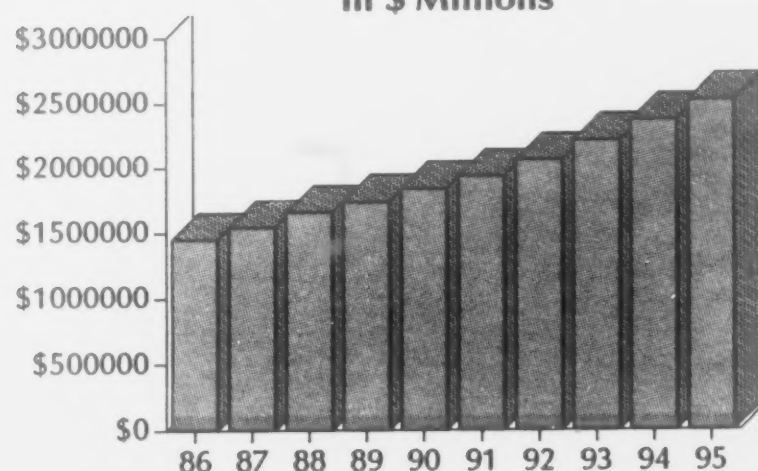


Effects

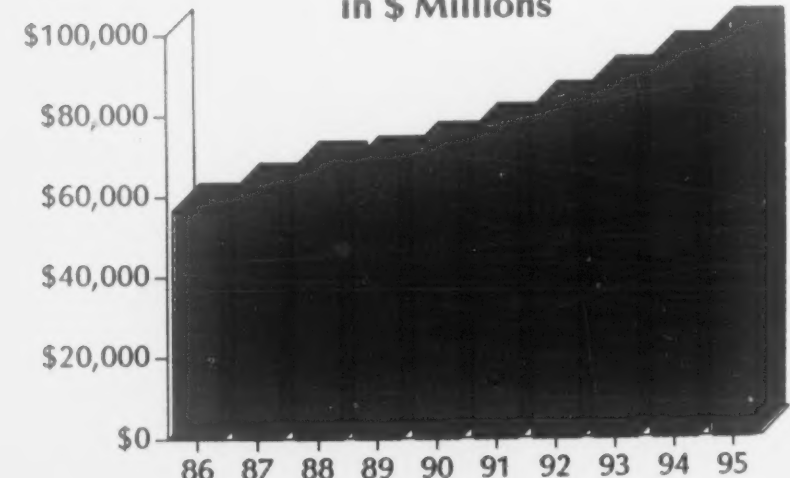
Upkeep and Improvement
in \$ Millions



Total Retail Trade
in \$ Millions



Building Material Sales
in \$ Millions



Regional Outlook: *Variations will reverse in next five years*

Regional variations in building materials demand will persist in the 1990s due to the business concentration of each area. However, there is a transition in the economy occurring that will cause many of the strongest regions to weaken.

Energy will play a major role in the regional variations in the 1990s. The natural gas surplus is declining and world oil prices should begin to increase in the 1990s. The Mountain states should be the strongest economy and market for building material sales in the 1990s.

The upturn in energy prices will increase mining activity across the region, while Nevada will remain the fastest growing state in the nation because of services with a growing housing market of older households leaving California.

The West South Central states will be the second strongest market, also due to improvements in energy drill-

ing. The market is currently emerging from a localized recession, so that gains in building material sales during 1990-1991 could be well above average. Texas should be its strongest state, as it will enjoy a rise in retirement housing.

Exports will be another driving factor in the regional outlook. The East North Central states could be the third strongest region, fueled by durable goods exports and higher domestic capital spending.

The West North Central is currently in recovery as the farm sector recovers. Minnesota, with its computer industry, will benefit from the rise in capital spending. Increased exports of agricultural products will continue to boost the entire regional economy. The East South Central division will benefit from both exports and energy.

Defense spending is being reduced, and the cuts should intensify over time. The Pacific division will be

harmed, especially California which has the highest level of defense spending in the nation. California also faces increased home-grown, slow-growth policies that are aimed at reducing pollution and congestion. Washington and Alaska should be the strongest markets in the region.

The South Atlantic region will face slightly slower growth than the national average, although the gap will not be as large as in the recent past. The region will be harmed by reductions in defense spending, but will enjoy gains in exports, high technology, favorable labor rates, taxes and energy prices.

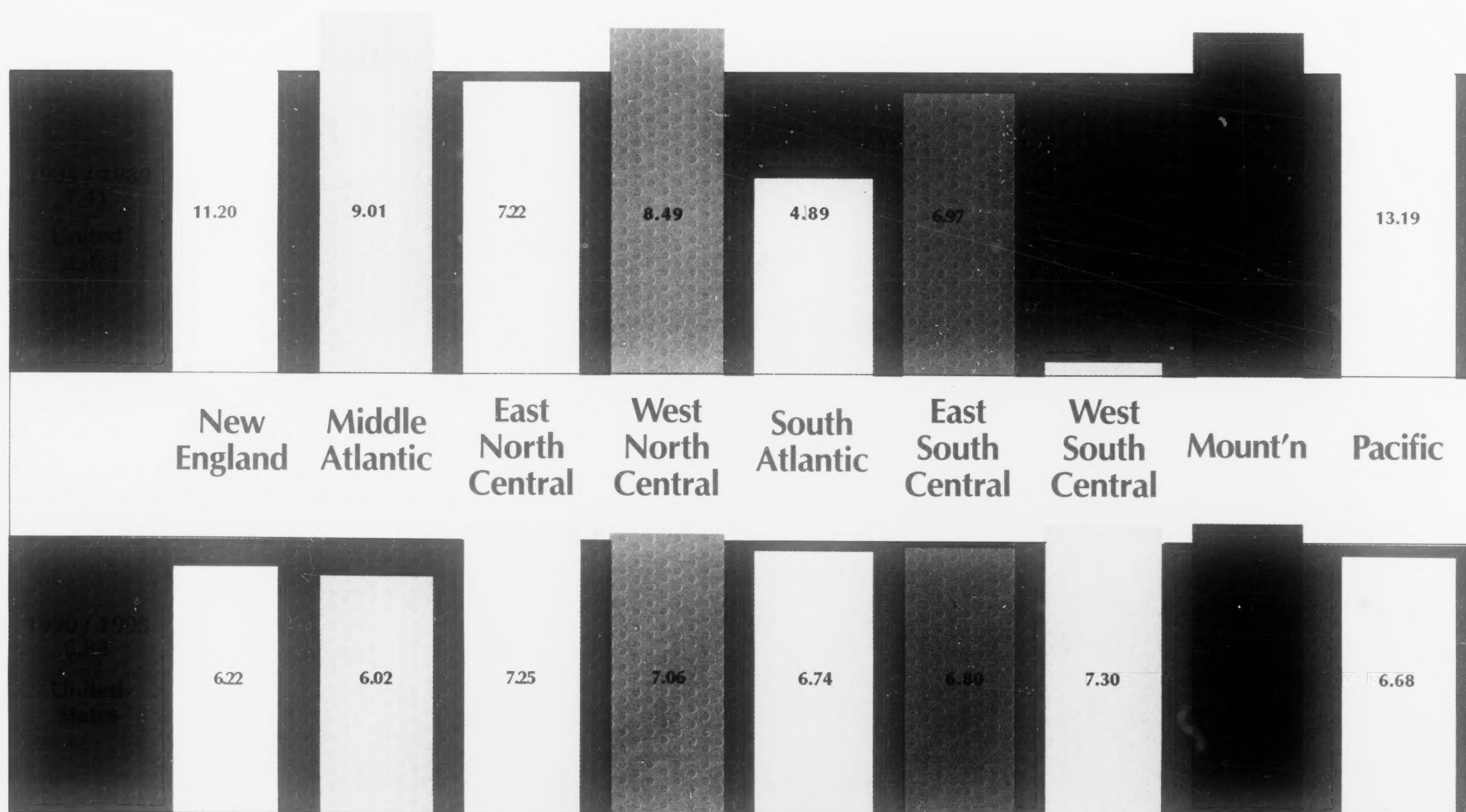
The Middle Atlantic states are suffering from construction overbuilding, cutbacks in defense, and reduced payrolls on Wall Street. Pennsylvania should be the best market in the forecast period because of its manufacturing and medical services. Long Island, N.Y., faces tough times because of defense cuts.

New England could be the softest market. It is currently in a near-recession with total employment down 0.3 percent from a year ago. New housing is weak due to overbuilding; defense cutbacks will harm Massachusetts and Connecticut; high home prices and labor rates; and higher energy prices will harm this region more than others.

On the positive side, the overbuilding will be absorbed and New England enjoys the highest per household income in the nation, \$60,241 versus the \$50,027 national level.

The regional forecast through 1995 paints a far different picture for building material sales than in the 1980s. Energy markets should rebound while defense weakens. Financial services now face problems while manufacturing, especially exports, will fare well. For building material retailers, the first half of the 1990s promises to present years of opportunities with continued variations of regional growth. ♦

Building Materials Sales Percentage Growth



Building Materials Sales in \$ Millions

United States	New England	Middle Atlantic	East North Central	West North Central	South Atlantic	East South Central	West South Central	Mountain	Pacific
1985: \$50,766	1985: \$2,376	1985: \$5,894	1985: \$9,269	1985: \$3,775	1985: \$10,145	1985: \$2,829	1985: \$6,680	1985: \$2,679	1985: \$7,119
1989: \$67,563	1989: \$3,633	1989: \$8,323	1989: \$12,249	1989: \$5,230	1989: \$12,279	1989: \$3,704	1989: \$6,756	1989: \$3,705	1989: \$11,684
1995: \$99,147	1995: \$5,086	1995: \$11,372	1995: \$18,154	1995: \$7,852	1995: \$17,916	1995: \$5,384	1995: \$10,341	1995: \$5,671	1995: \$17,371

RETAIL SCOREBOARD

Company & Rank	Company & Rank	Company & Rank	Company & Rank	Company & Rank
(Continued from page 68)	(201) 899-9663 (phone)	Wallich Lumber 186	(508) 856-9521 (fax)	Western Home Center 122
United Building Supply 338	(201) 341-6959 (fax)	Markham Heid, President		Edwin A. Friesz, President
Richard Evans, President		(313) 491-5151 (phone)		(513) 931-6300 (phone)
(907) 243-4545 (phone)		(313) 491-5140 (fax)		(513) 931-1309 (fax)
(907) 243-7030 (fax)				
Valu Home Centers 52	W.H. Conyngham & Co. 204	Walter & Jackson 237	West Elizabeth Lumber	Western Lumber 39
James M. Arena, President	G. Conyngham, President	R.B. Walter II, President	W.R. Hoag, Chairman	Newell LaVoy, President
(716) 825-7377 (phone)	(717) 823-1181 (phone)	(215) 593-5195 (phone)	(412) 384-3900 (phone)	(619) 474-3341 (phone)
(716) 825-2133 (fax)	(717) 824-2514 (fax)	(215) 593-5195 (fax)	(412) 384-3955 (fax)	(619) 474-1271 (fax)
Vannote Lumber 323	W.T. Harvey Lumber 252	Webber Lumber & Supply 80	West Building Materials	Westlake Hardware 43
Dennis Rittenhouse, President	Wilfred Gross, President	William Nebes III, President	Charles West, President	Richard F. Mitchell, President
	(404) 322-8204 (phone)	(508) 852-4400 (phone)	(404) 894-7800 (phone)	(913) 888-0808 (phone)
	(404) 323-2433 (fax)		(404) 875-7153 (fax)	(913) 888-2153 (fax)

**Guess
where business
goes shopping and
win \$10,000
spending money.**

Here's your chance to prove you're a marketing genius and win \$10,000 in the bargain.

We asked 9,823 business and professional executives what sources they find most useful in providing information about the products and services they buy for their companies. You can win our \$10,000 jackpot by simply ranking the sources from 1 to 13 in the order that you think our survey respondents ranked them.

We'll tell you what came in second to get you started: It might surprise some people, but trade shows finished #2.

And we'll give you a hint about who's #1. It's the selling medium that:

- Speaks the business and professional buyer's language.
- Provides an environment with built-in credibility.
- Is loaded with helpful information about product and industry developments.

Now just get the rest of the answers right and you could win plenty of cash to go on a personal shopping spree.

Good luck.

ABP
Where business goes shopping

No purchase necessary. For prize eligibility your entry must be received by September 4, 1990. To receive the correct ranking of information sources and complete rules, send a self-addressed stamped envelope (WA residents need not affix return postage) to: ABP's Survey Rankings and Jackpot Rules, 675 Third Avenue, Suite 400, New York, N.Y. 10017. Sweepstakes open only to residents of the 50 United States and District of Columbia. Employees as of 9/4/90 of all trade and consumer media organizations, the American Business Press, its agencies, the D.L. Blair Corporation and members of their immediate families are not eligible.

OFFICIAL ENTRY FORM

Directories	☐
Consumer Magazines	☐
Daily News-Papers	☐
Radio	☐
Trade Shows	☐
Sales Reps.	☐
Direct Mail	☐
Business & Professional (Trade) Magazines	☐
News Magazines	☐
General Business Magazines	☐
Cable T.V.	☐
Network T.V.	☐
Conventions & Seminars	☐

NAME	_____
TITLE	_____
COMPANY	_____
ADDRESS	_____
CITY	_____
STATE	_____
ZIP	_____
PHONE	_____

RETURN ADDRESS:
ABP's \$10,000 JACKPOT
675 3RD AVE., SUITE 400
N.Y., N.Y. 10017

HomeClub to open second Oregon warehouse

By an NHCN staff editor

BEAVERTON, Ore. — HomeClub, the California-based home improvement membership retailer, will open its second Oregon warehouse store in the town of Beaverton, near Portland, on May 25.

The unit will have 103,909 square feet of retail space and 9,880 square feet of outdoor nursery space. It will employ approximately 100 people, the company said.

In addition, the chain has signed a lease to open a store in Kirkland, Wash., which is slated to be 102,442 square feet with a 9,500-square-foot nursery. The Kirkland unit, scheduled to open late this summer, will be HomeClub's third store in the Kirkland-Seattle area.

Retail home improvement dealers hobble to the finish line

(Continued from page 40)

As independents and smaller chains mapped out ways to find new business, the industry's larger, voracious chains took no prisoners as they expanded their market share.

Home Depot was a juggernaut, as its store count grew by 22 to 118 units and its sales by 38 percent to \$2.8 billion. HomeClub hiked its volume

by 28 percent, despite questions about its profitability.

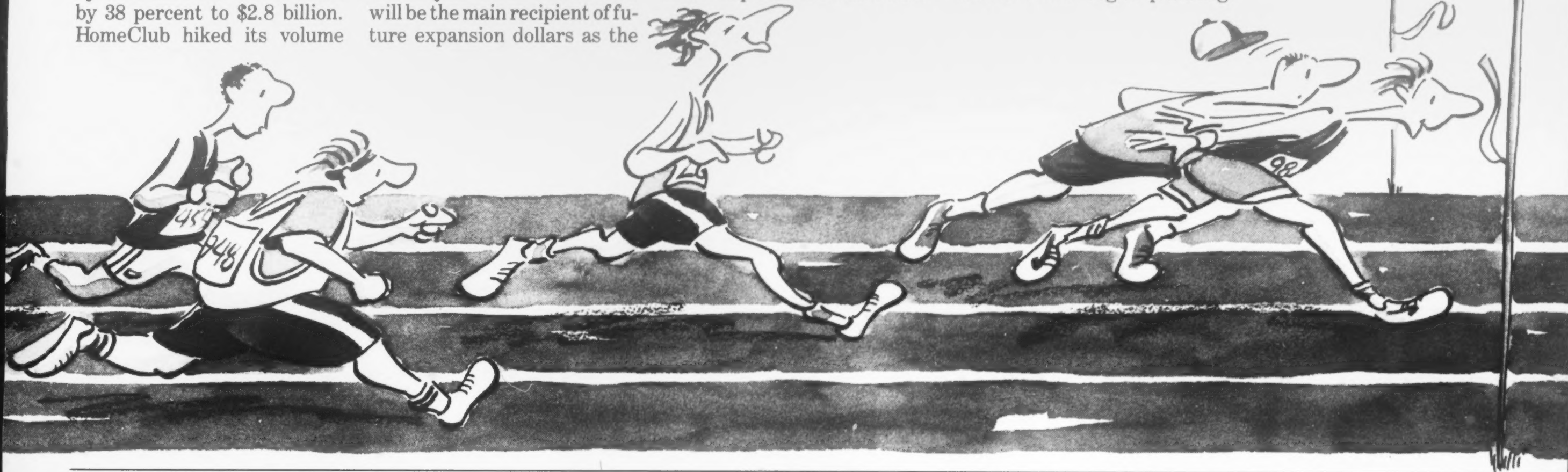
Landover, Md.-based Hechinger, despite reporting its first full-year earnings decline since going public, nevertheless enjoyed a 21 percent sales jump. And the chain said its warehouse subsidiary HomeQuarters Warehouse will be the main recipient of future expansion dollars as the

company moves into the Northeast this year.

It wasn't all wine and roses, though. Two other top 10 chains, Wickes Lumber and 84 Lumber, saw their sales decline 17 percent and 6 percent, respectively.

Debt reduction was the main impetus behind Gross-

man's sale of its Moore's and Northwest divisions, and Channel's decision to close its remaining 50 outlets in the South. Scotty's was taken private by its Belgian-based parent GB-Inno-BM, and went through a complete reorganization. And the troubled Rickel chain began planning



R E T A I L S C O R E B O A R D

for an upscale prototype.

Regional diversity

On a market basis, California continued to lead the industry in total sales, and 11 operators among the top 350 with headquarters in that state hiked sales by at least 20 percent over 1988.

Also enjoying a boost were businesses in the Pacific Northwest, where an influx of Pacific Rim investors has increased demand for building products. For example, profits rose 100 percent for Lanoga Corp., the Redmond, Wash.-based parent of the Lumbermen's, United Building Centers and Spenard's chains, according to its president Daryl Nagel.

Conversely, 10 of the companies within the top 350 that have headquarters in the Northeast recorded sales declines of at least 20 percent. "Sooner or later, [the government] will stop lying to us and admit we're in a recession," said Lowell Jaeger, a Union, N.J.-based lumber operator

whose sales were off 3 percent.

Decreasing revenues triggered a typical response in the region: personnel cutbacks. Nickerson Lumber, Orleans, Mass., laid off 44 of 265 employees; J.T.'s Home and Building Centers, Newport, R.I., fired 50 workers; and Nonantum Lumber, Watertown, Mass., cut 45.

Bankruptcy and closings

Still, mere survival was better than the fate some suffered last year. Operations at the 37-unit Lloyd Home and Building Centers, based in Danbury, Conn., were discontinued by its parent, American Maize, this February.

The Las Cruces, N.M.-based Woodward Lumber's \$16 million business went bankrupt over bad debts. The Southwest's economy, still reeling from the savings and loan crisis, also caused Builders Emporium to pull out of the Phoenix, Ariz., market and O'Malley's to retrench and last month announce the sale

of its operation.

Millwork depts. added

Store openings and aggressive promotional campaigns helped many firms solidify and expand their market positions last year. But more common was the trend among dealers to explore niche areas such as commercial/industrial, lawn/garden and kitchen/bath.

Millwork was one category that attracted attention from a great number of dealers. Brooklyn, N.Y.-based Strober Brothers and Kogel/Giant Builders Supply in Middle Island, N.Y., were among the myriad dealers who opened full millwork showrooms last year.

The four-unit N. T. Fox of Portland, Maine, facing a 25 percent sales decline and falling profits, increased its 2,500-square-foot showroom space by 7,500 square feet to facilitate expanding its electrical, kitchen and plumbing departments.

All American Home Center, an independent in the Los

Angeles suburb of Downey, chucked major appliances—a previously hot-ticket item that had soured—to expand its K&B department. The independent also increased its millwork offering to attract customers from affluent parts of the city.

Along with these products, home decor emerged as a category a growing number of retailers investigated. The Pay 'N Pak and Rickel chains symbolized this movement by leaving building materials out of new store designs that favor higher margin home decorating products over lower margin commodities.

Expanding in different ways

For those with enough capital, acquisition was an option a number of companies took to improve their market stature. Handy Andy in Schaumburg, Ill., took the boldest move by acquiring, as part of an investment group, the 37-unit Central Hardware.

Carolina Builders of Raleigh, N.C., acquired two local

competitors, picking up four stores and has all of a sudden become a formidable regional player. Belgrade, Maine's Hammond Lumber purchased the assets of two competitors which had fallen.

Even as Connecticut's Fairfield Lumber was trimming staff in response to shrinking revenues, it had set aside capital to ensure the opening of its fourth unit this year.

And despite the local economy, the six-store Dill's Best Building Centers, Peekskill, N.Y., plans to open a store a year over the next decade, according to its president Carl Dill.

Expansion seems more important than ever to home improvement retailers, even if it is often driven more by fear of losing market share than a sheer desire to increase sales.

Asked why his company will open a third store, Chuck Keaton, the general manager for Columbia Lumber & Manufacturing Co., Columbia, S.C., said, "I've got 29 competitors within a 30-mile radius." ♦

**Gemini Industries
is proud to announce
that on April 6, 1990
we received approval from the
Federal Communications Commission
to manufacture and sell the
VIDEOCASTER™
America's first Wireless
Home Broadcasting System.**

GEMINI

Stanley bows out of '91 Show

(Continued from page 1)
organized and the location we had was effective, but there wasn't the number of contacts that justified the investment," Gilrain explained. "[Attendance] has been dwindling over the past couple of shows. We will use the time and people and financial resources in different ways."

Over the three days of the show in March, Stanley rotated in "well over 100" sales and senior management employees, he said.

For the last two years, the number of booths at the March event has hovered around 1,260. But NHCN learned that Stanley isn't alone in its opinions about the show as a selling environment.

Hyde Tools, based in Southbridge, Mass., scaled back its manpower and exhibit space by 40 percent at last March's show from 1989 levels. And a week after the show Hyde decided to pull out of 1991.

"We just didn't feel the

number of key players there could justify the cost," said Ralph Lawrence, Hyde's senior vp. "Like advertising, it is difficult to quantify a pay-back on any show."

Klean Strip, a Memphis, Tenn., chemicals firm and one of the show's oldest exhibitors, according to company officials, decided to cancel from the 1991 event even after paying its deposit for exhibit space. (The deposit has since been refunded.)

Hardware Show comparison

Vance Publishing was rebuked in its attempt to dissuade Stanley from pulling out of the show. "Cost wasn't mentioned" in the meeting between Vance and Stanley, said Berry. "They felt they didn't see all the hardware buyers they'd hoped to see. They felt they'd see them at the Hardware Show."

"If I were a hardware buyer and my sole responsibility was buying hardware, I'd go to the

Hardware Show, too," Berry conceded.

Indeed, the cache of the Home Center Show has always been that both building materials and hardware vendors exhibit at the same time, whereas the Hardware Show, held in the same venue in August, is more heavily skewed to hardlines, automotive and lawn and garden products.

The Hardware Show, sponsored by the American Hardware Manufacturers Association (AHMA), is also much larger, drawing about 70,000 trade visitors and 3,000 exhibitor booths, according to Cahners Exposition Service, the show's manager.

William Farrell, executive director of the AHMA, said the August show has added "four or five" new building materials vendors each of the last few years, but has gained these kind of exhibitors mostly through attrition or booth consolidation.

The Hardware Show couldn't add any more space due to physical limitations of McCormick Place, Farrell said.

To further strengthen his argument about the viability of the Home Center Show, Berry speculated that some suppliers which are concerned about their cash flow may not have sent in deposits for prime space for the 1991 show.

He believes other companies might be waiting until the last minute to contract for

space, preserving cash but gambling that space exists. The 1990 Home Center Show grew by 37,000 square feet to 474,428 square feet in net exhibit space.

Other vendors contacted by NHCN planned to continue at the Chicago event.

"We're dropping in, not out," said Cliff Peart, vp and national sales manager for Sequentia, a fiberglass panel maker. He said the company's 1990 attendance was a "test" after being away several years. "We saw 95 percent of the mass merchandisers and distributor accounts from across the U.S.; you can do it all in 2½ days."

Although it cut back the number of people staffing its booth by 40 percent in the last year, Wilmington, Ohio-based tool maker Irwin Co. intends to return next March. C. William Barkalow, Irwin's vp-sales and marketing, said there was a lot of activity in their booth in McCormick Place North last March.

Categorization applauded

One of the major changes to

the show was the grouping of vendors by product category to shorten the distance walked by the more than 30,000 estimated visitors.

According to Berry, post-show polling indicated that four out of every five exhibitors expressed some degree of satisfaction with categorization, and nearly three-fifths of those polled were "very to extremely satisfied."

Berry said plans were underway to "upgrade educational events to a management conference level to entice more people to attend."

This year, the show was also shortened by one day. "Businessmen are cognizant of the time and money" it costs to attend, "and we're helping them to see what they have to see in a shorter amount of time. It saves on hotels and meals." ♦

Editor's Clarification

The charts on p. 78 from *Editor & Publisher* data relate to building material and hardlines sales in all types of retail outlets.

Wickes plc plans 19 more units in 1990

(Continued from page 6)
the time of Wickes' purchase of Hunter Timber in August 1988.

Wickes runs 199 stores—168 in the U.K. and 31 in Europe.

In 1989, pretax income increased 134 percent to \$61.7

million (£38.1 million). Sales during 1989 reached \$1.108 billion (£684 million) compared with \$584.8 million (£361 million) in 1988 with 15 weeks of Hunter Timber trading, or \$1.076 billion (£664 million) on a *pro forma* basis. ♦

Index of Companies in This Issue

Ace Hardware	7
American Standard	100
Black & Decker	99
BMC West	100
Borden Home Wallcoverings	99
BTR	4
Builders Emporium	100
Builders Express	6
Builders Square	4, 6, 7, 100
Busy Beaver	7
California Hardware	1
Central Hardware	1
CertainTeed	4, 100
Channel	10, 100
Closet Maid	100
Color Tile	7
Cotter & Co.	7
Diamond Lumber	4, 100
Diehl Lumber	4
Eagle Lumber	4
84 Lumber	7
Ernst	100
Fagen's	7
GB-Inno-BM	1, 14
Georgia-Pacific	99
Grossman's	1, 9, 100
Handy Andy	1, 7

Hechinger	1
Home Depot	1, 7, 10, 100
Home Quarters Warehouse	1, 9
HomeClub	6, 7, 100
Hunter Timber	99
Hyde Tools	99
Irwin Co.	99
Klean Strip	99
K mart	6, 100
Lee/Rowan	100
Lezzer Lumber	7
Lowe's	7, 10
Malden Timber Centres	6
Malco Lumber	1
Menard's	7
Michigan General	4
Newell Companies	99
Nicholson Building Supply	4
Norton Co.	4, 100
Ole's	100
O'Malley Builders Hardware	1
O'Malley Glass	1
O'Malley's	1, 100
Orchard Supply Hardware	100
Pay 'N Pak	100
Payless Cashways	100
Pergament	10

Rickel	7
Saint Gobain	4, 100
Scotty's	1
Sears	100
Seigle's Home and Building Centers	7
Sequentia, Inc.	99
Sico Inc.	100
Skil Corp.	99
Southland Corp.	100
Southwest Hardware	1
Stanley Works	1
Stanley	99
Stanley-Parker	1
Supermarkets General	7
Task Lighting	100
True Value Hardware	7
United Building Services	100
Westlake Hardware	7
Weyerhaeuser	99
Wickes Lumber	100
Wickes plc	6, 99
Wickes	4, 99, 100

For a complete listing of companies that made the *Retail Scoreboard*, see pages 59 to 68.

For a complete listing of companies that made the *World Powers* census, see pages 35, 36.

Advertisers Index

Amco Hardware Mfg.	17-22, 12
Amerock Corp.	28, 29, 17
Andersen	38, 39, 50
Argee	9, 7
Arvin	79, 48
Celotex	61, 33
Colony Paints	92, 60
Cooper Tools	31-34
Croft Metals	41, 20
Custom Building Products	52, 53, 25
Custom Leathercraft	59, 28
Darworth Co.	49, 24
Design House	62, 34
Design Technologies	101, 64
Dutch Boy	98, 62
Eagle Electric	71, 43
Evans Paints	74, 45
Eveready Battery	45, 22
EZ Painter	80, 81, 48
Fluidmaster	11, 9
Freud	26, 15
Gemini Industries	91, 59
General Marble	42, 21

Genova	102, 65
Georgia-Pacific	24, 25, 14
Glidden	68, 39
Gold Bond	64, 64, 36
Gusdorf	72, 73, 44
Henry Company	88, 57
Hunter Company	8, 5
HWI	93, 61
ICL	27, 16
Keystone Franklin	30, 18
Knauf	66, 37
Knauf	68, 41
Kok's Woodgoods	68, 40
Lane Publications	99, 63
Larson Mfg.	63, 35
Macco Adhesives	85, 56
Makita U.S.A.	89, 58
Marley Electric	76, 77, 47
Mastercraft	50A, B, 2
Moen Group	82, 51
Moen Group	83, 52
Murray Mowers	75, 46
MW Manufacturing	16, 11
National Manufacturing	12, 10
National Store Fixtures	9, 6

Pak-Mix	69, 42
Panasonic	80, 32
Philips Lighting	60, 31
Price Pfister	37, 19
PrimeSource	67, 38
Priss Prints	59, 29
Royal Rubber	84, 54
Rubberset	2, 3, 3
Sentry Group	23, 13
Sequentia Inc.	84, 53
Stanley Hardware	55-58, 27
Sunnywood Products	54, 26
Warner Manufacturing	9, 8
Waxman Industries	5, 4
Weiser Lock	47, 23
W.R. Bonsal	78A, B, 1
W.W. Henry	60, 30

*Asterisk indicates regional ad.

This index has been compiled for the convenience of our advertisers and readers. While every precaution is taken to prevent mistakes, the publishers cannot be held responsible for errors or omissions.

Project Ideas & Know How

The best way to increase your product sales!

When you increase the D-I-Y competence and confidence level of your customers, you increase their capacity and willingness to buy your store's products.

Teaching how-to skills and providing project ideas is our only business and has been for more than 50 years. Expertise you can rely on . . . and profit from.

Sunset is not only the best how-to information source available, it is the most profitable! Sunset inventory turns 5 to 6 times per year, for a GMROI of 3.0 or better.

Bring D-I-Y know-how and projects to your customers and you'll sell more tools and materials . . . guaranteed!

We offer IN-STORE SERVICE, FREE DISPLAYS, and CO-OP ADVERTISING.

Call us today at: (800) 227-7346.

In California: (800) 321-0372.

Sunset
BOOKS & VIDEO

© Lane Publishing Co.

Circle 63 on Reader Service Card

Levin group buys O'Malley's

(Continued from page 1)
Lumber and Building Materials of Phoenix.

Upon completion of the transaction, expected this month, Duncan R. Hossack, who has worked for O'Malleys since 1972 and been its executive vp for three years, will become its president.

Hossack led an unsuccessful leveraged buyout attempt at O'Malley's with his father, Don, last year which failed after they lost \$3 to \$4 million in backing withdrawn by United Building Services.

Hossack will be the first non-family member to head O'Malley's, which moved here from St. Louis in 1908.

Repeated calls to officials at

both companies involved in the sale were not returned.

Tough competition

President Mark E. O'Malley told *The Arizona Republic* that the region's depressed economy and competition from Home Depot and HomeClub prompted the decision to sell. The former will open its eighth store in the area by Memorial Day; the latter has four units here. Payless Cashways has two stores here.

O'Malley's has been trying to sell its businesses for two years, Mark O'Malley said. According to *NHCN* estimates, sales at O'Malley's retail/contractor stores fell an estimated 22 percent last year

to \$70 million, following an 11 percent decline in 1988.

The firm's financial woes were exacerbated by the large amount of credit it extended to mid-sized contractors, said Michael Adams, vp of Retail Merchandising Service Automation, a retail consulting firm here. He said these pros have accounted for the majority of local bankruptcies.

"I have to believe O'Malleys took a real hit as a result," said Adams.

Phoenix's retail building material sales have increased an average of 5.24 percent over the last five years to a total last year of \$679.1 million, according to First Interstate Bank. The bank's Arizona economist, Brian Cary, said that after accounting for inflation, volume has either been

flat or down during the period.

More than 11,000 housing permits were issued in Phoenix last year, a large number but still down 36 percent from 1988 levels, said Cary.

Overbuilt market

"That segment [retail lumber, building materials] has been ailing for a long time," he said. "And the brutal competition here doesn't help."

How The Levin Group expects to compete in the difficult environment remains unclear, although chairman Michael Levin was optimistic about a recovering housing market when quoted in the *Republic*.

"We believe there's underlying strength in the Arizona economy that has been harmed and damaged but not ruined," he said.

But if O'Malley's is to take on larger, better-financed counterparts, locals say it will have to examine its pricing and merchandising strategies.

Prices, management askew

Adams of RMSA called the presentation at O'Malley's "underwhelming," with warehouse chains clearly superior. And Matt Russell, assistant manager of the Home Depot store in Camelback, near Phoenix, said O'Malley's prices are too high to attract budget-conscious consumers. Patrick Sell, manager of a HomeClub unit here, agreed.

Sell, an O'Malley's employee until 1988, also said the organization has lacked stability. "There were six GM [general manager] changes in two years while I was there," he said. ♦

K&B Show posts record turnout

(Continued from page 7)
things, upscale fixtures and faucets, vanities and bath accessories. French and Italian manufacturers were especially visible—a reflection, some said, of the impending lift on trade barriers in the European Common Market.

U.S. suppliers interviewed said they were generally pleased with the "quality" visits they had from retailers, including such large chains as Home Depot, Pay 'N Pak, Ernst and Wickes Lumber.

Among the products those retailers saw was American

Standard's "Smart Seat," which transforms an average toilet into a bidet. Demonstrating the product, a company employee generated plenty of interest from passersby. Two days into the show, however, there were still no firm orders in place.

Task Lighting, a Kearney, Neb., supplier, enjoyed similar attention with its architectural lighting sectionals, for use above or below cabinets. Task president Kenneth Anderson said the product, which uses incandescent instead of fluorescent bulbs, will

be packaged for sale by home centers this year.

K&B and Storage Show?

Meanwhile, manufacturers of storage products, which have enjoyed meteoric sales growth in recent years, moved a step closer to having the category included in the show name. A group of suppliers led by Closet Maid of Ocala, Fla., and Lee/Rowan of St. Louis met with NKBA officials to plead their case.

"We want the name included so that we become part of the seminar circuit and raise awareness about our products," said Charles Lammers, sales manager for Lee/Rowan.

NKBA executive director Francis Jones said that while some have "very keen interest" in the issue, the NKBA needs proof that the entire industry favors it.

"Would retailers [those attending the show] support it?" he said. "That's the thing they need to convince us of."

Suppliers were planning to canvass their customers over the next year, and Jones said favorable results could make "storage" part of the show name two years from now.

Regionality stressed

Another issue was raised by John Finn, sales manager at the Minneapolis, Minn.-based Sico Inc., which manufactures wall beds. He opposed the show being held so frequently in the same city. Next year, for example, it will take place in Dallas, where it was in 1989.

Finn said he would rather exhibit in several towns, without having to repeat for at least a decade. He said he expected no new business beyond that which he signed two years ago in Dallas, and for that reason he would not participate in the show.

"It cost us \$25,000-\$30,000 to do these shows," he said. "We might as well take the money and put it into ads." ♦

Builders Square targeted in boycott

(Continued from page 6)
where accountability lies, and we're just trying to show people that they can take their business elsewhere on a really grand scale if they feel that any part of a big corporation is behaving immorally."

The feud between Waldenbooks and AFA, which reached the national arena in late April, resulted from a September 1989 letter to the book retailer from David Caton, president of the group's Florida chapter.

Caton threatened to call a news conference to publicize the 1500-unit chain's violation of a Florida law prohibiting the sale and promotion of obscene material.

One month later, Waldenbooks joined forces with *Playboy* and three media industry groups to file suit against AFA Florida, charging the group with violation of federal and state racketeering laws that guard against consumer coercion. That action has

prompted the participation of the national AFA.

Store managers at several Builders Squares saw the threats as patently ridiculous.

"I just don't see what it has to do with me," says Ed Bain, store manager of Builders Square in Huntsville, Ala. "I mean, the only literature I sell is home improvement books."

Del Riffle, manager of Builders Square in Pittsburgh, doesn't expect any impact on traffic in his stores. "Religious groups can have influence on a certain, small group of people, but not usually on the public at large."

Still, Wildmon's group, which reportedly picketed some 350 Waldenbooks and K mart stores on April 27, believes it has the clout to hamper revenues of K mart and its subsidiaries. The *AFA Journal* is mailed to 425,000 locations, 178,000 of which are Christian churches that span most denominations, said Wildmon's brother Allen. ♦

Diamond sells off northeast units

(Continued from page 4)
was an executive with Wickes, said Diehl met with Chanin representative George Roach and expressed interest in buying Diamond's Colorado yards. But those units were already under contract for purchase by BMC West, the Boise, Idaho-based operator which purchased them last month. Roach, however, informed Diehl of the availability of the Northeast yards and brought him to an-

other interested party, Andrew Craig.

Craig added that Diehl was an "indirect" investor fronting for other backers whom Craig declined to identify.

Diamond will use the proceeds to retire bank and vendor debts. Besides other holdings, the company recently sold its three Florida yards to local operators. Twenty-four others on or near the West Coast are under contract for purchase by BMC West. ♦

CertainTeed parent buys Norton Cos.

(Continued from page 4)
ing BTR. Norton, which employs 16,800 people and has 92 plants in the United States and 19 elsewhere, had 1989 sales of \$1.53 billion.

A spokesman for Norton, who asked not to be identified, said concern was raised over BTR's long-term plans in light of the British company's acquisition of Worcester Controls, a locally based concern that was folded two years ago. "Saint Gobain has a better track record," said the spokesman. "There was more reason to trust them."

Officials from both Norton and Saint Gobain said there would be no changes in Nor-

ton's product offering. It was also too early to tell whether any joint retail marketing would be done between Norton and CertainTeed.

CertainTeed's vp-corporate communications Dottie Wackerman said the major advantages to being owned by Saint Gobain were its broad technical and financial resources.

"Their research into glass has had invaluable applications in our fiberglass insulation products," she said.

The acquisition would give the French company its eighth North American subsidiary; it also owns industrial glass and porcelain makers in the U.S. and Canada. ♦

Home centers hike TV ad spending

(Continued from page 7)
into new markets where they are each other's main rivals.

In the Los Angeles market, Home Depot launched a series of eight spots of customer testimonials beginning March 1. These compare Home Depot directly with HomeClub.

"They go head to head with HomeClub because there's been a little confusion over Home Depot and HomeClub," said Lonnie Fogel, spokesperson for the Atlanta chain.

However, Scott Richards, vp-marketing and membership at HomeClub, refutes this claim. He sees the spots as a direct response to HomeClub's successful TV campaign, which ran in 1989, called "The HomeClub Family," in which the Fullerton, Calif.-based warehouse chain promoted its range of services

in addition to its low prices.

Whatever the reason, the fact is that warehouse companies are filling the airwaves to establish themselves in new markets and protect their market share.

For HomeClub, the addition of stores in Portland, Ore.; Boise, Idaho; Salt Lake City, and three more stores in Phoenix, Ariz., has made TV advertising economically viable in these cities.

Among the eight non-warehouse home centers who spent a total of \$17.7 million last year, a number cut spending and turned to other media.

Braintree, Mass.-based Grossman's switched to print, finding it more effective for its increased focus on price and item advertising, and reduced TV ad spending by 46 percent to \$1.8 million. ♦

National Home Center News

SECOND CLASS

Vol. 16, No. 11

\$3 a copy

The newspaper for retailers serving homeowners and contractors. Published by Lebhar-Friedman Inc.

June 4, 1990

Ikea sets out to furnish 'the big country'

Swedish dealer opens fifth U.S. store in N.J.

By John Sinisi

ELIZABETH, N.J. — With great fanfare, Ikea, the Swedish-based home furnishings retailer, opened its fifth U.S. store on May 23 in what is reputed to be the most densely populated metropolitan area in the U.S.

The 270,000-square-foot blue warehouse with yellow trim sits along the New Jersey Turnpike in sharp contrast to adjacent ship-loading rigs rising from the smog at Elizabeth Sea-port, cars whizzing by on Interstate 95, and planes landing and departing at nearby Newark Airport.

It also stands out from most other specialty furniture outlets by carrying an extensive array of high-quality, moderately priced products within an environment that promotes family shopping.

Ikea poses a direct, if currently regionally limited, threat to the growing number of home centers dipping their toes into the home decor area.

Its 12,000 skus of home furnishings, knick-knacks and accessories are displayed in an area that includes a child-care play room and a self-service cafe and restaurant that

serves low-priced Scandinavian delicacies.

"Ikea has a soul," asserts Ikea U.S. East Division president Steen Kanter, who regards the company as a concept organization. "We're selling a lifestyle, at high quality with affordable prices."

Heavy ad campaign

If Ikea has a soul, then its kindred spirits are baby boomers in the 20- to 49-year-old age range. In the



Ikea offers 12,000 skus of high-quality, moderately priced products in a relaxed family environment.

three weeks before its grand opening, Ikea lobbied incessantly for that customer group with a \$4.6 million ad blitz that used the tag line "It's a big country; somebody has to furnish it." The campaign culminated in the distribution of its 196-page catalog to 1.5 million New York and central Jersey addresses.

Inside the store, 120,000 square feet in the main-floor showroom is devoted to 101 distinct furniture vignettes that feature Scandinavian fashion more than price.

The ground-floor Marketplace department features textiles, glass- and tableware, flooring, and furnishing accessories.

Surprisingly, this level also



Despite its focus on home furnishings, Ikea also stocks paint and related accessories.

NHCN photo

Fading U.S.-Canadian border aids co-op sales

By Gary S. Ruderman

GANANOQUE, Ont. — Two Canadian hardware stores are now receiving merchandise from American-based hardlines wholesale co-operatives, as the geographic border between the two nations continues to fade as a trade barrier.

For the first time in its 118-year history, Donevan Hardware, located in this small town across the New York State line, began accepting product from Ace Hardware on May 21. About a month earlier, the 1,500-square-foot Beach Home Hardware in Prescott, Ont., got its first shipments of lawn and garden equipment and hand tools from ServiStar.

"Across the river in Ogdensburg, N.Y., I can't compete with the True Value store," said Lewis Beach, owner of this unit, to explain his reasons for seeking out an American wholesale supplier. "So I'm installing the same

product that can be bought [in Canada] at a lesser price compared to Canadian chains like Canadian Tire and Sears" to keep his customers from wandering across the border.

The U.S.-based co-ops, though, are not alone in their visions of expansion. Canadian Tire, the 414-store Toronto, Ont., retailer that is right behind Home Depot and Lowe's in annual sales, could be looking to sell in the U.S. soon.

"We are going to see more of this [trade] opportunity going north and south," said Jim Williams, Canadian Tire's executive vp for marketing, real estate and distribution.

"If [American] co-ops see the opportunity to sell in Canada, we

see no problem with that," he added. "That's what free trade is all about."

Product line expanded

Charles Donevan, owner of the

(Continued on page 42)



Two home improvement chains follow different expansion routes

HQ Warehouse enters new markets, avoiding Depot's strongholds

By Elizabeth Brent

VIRGINIA BEACH, Va. — Home Quarters Warehouse will enter the new markets of Louisville, Ky.; Memphis, Tenn.; and South Portland, Maine, as it continues its growth.

Its expansion into these new markets is consistent with HQ's perceived strategy of avoiding areas where Home Depot has a foothold. It chose to leapfrog over Nashville, Tenn., where Home Depot recently opened two units, and instead will debut its first store in Memphis, Tenn., in 1991, with more for that market on the drawing board.

HQ's parent, Hechinger, is tying its future expansion and profitability to its warehouse division. However, the company's growth plans appear to have been slowed in the Northeast by zoning and environmental problems.

The chain will be the only home improvement warehouse retailer in all three markets, and the first to enter the state of Maine.

(Continued on page 42)

Diamond stores purchase spurs BMC West's growth drive

By Tim O'Malley

BOISE, Idaho — Boosted by a series of acquisitions, BMC West Corp. is rapidly emerging as a leading building materials dealer in the Northwest and Mountain States, areas of the country that are rapidly gaining in popularity.

The company recently acquired seven Diamond Lumber yards in the regions, has an agreement to purchase another 25 from Diamond, and is eying other acquisitions this year.

BMC has also snapped up two pre-hung door shops and a truss plant in Northern California, and runs a growing export business that sends products to Japan from a warehouse in Vancouver, Wash. In all, its operations span six states.

"We're shooting to become the biggest and the best in a variety of areas," said chain spokesman Steve Pearson.

BMC's bustling growth comes less than three years after its genesis

(Continued on page 41)

Parent GB-Inno brings European high-design format to Central

Move shows the 'international cross-fertilization' of home center retailing

By Gary S. Ruderman

ST. PETERS, Mo. — Like a traveling exhibit of retailing design, the latest display of European styling is on view in this St. Louis suburb.

GB-Inno, the Belgian retail giant that owns the Central Hardware, Handy Andy, Scotty's and several European chains, has been honing its high-design/high-function home center format over the last two years. The three-month-long resetting and re-merchandising of two Central stores represents the best ideas from GB's AKI venture in Spain and Chicago's Handy Andy.

The new store design came to Central Hardware stores in St. Peters and St. Charles, Mo., May 19 via refinements made at GB-owned units in Brussels, Chicago and Barcelona.

"This is a store to position ourselves for the 90's," said Central's president Jim Cohen. "There is a customer out there who wants upscale help and assortment as well as the normal business services of a credit department and installed sales."

It shows "the international cross-fertilization" of home center retailing, added Jean-Marie Christiaens, who was a "think tank" design consultant for GB's supermarket chain in Europe before joining Central as assistant merchandising director. Central's tool department looks like AKI's; the special order areas are patterned after GB's HomeBase chain in the U.K.

He noted the starting point for all this transatlantic interchange was when another Belgian from GB, Claude DeBruyker, spent several

years with the Handy Andy chain and transferred its merchandising experience back to Belgium and, ultimately, to AKI.

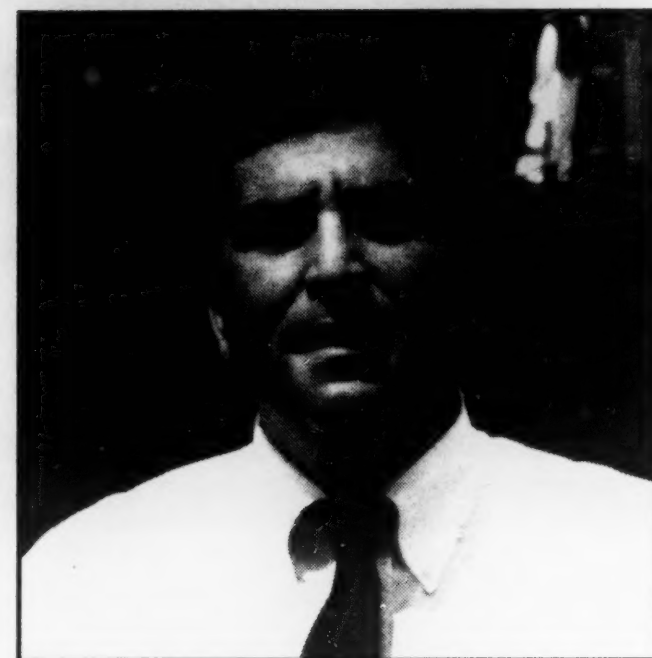
(Management of Central and Handy Andy did not allow photos to be taken of these units.)

Tool display dominates

The 60,000-square-foot stores deleted auto accessories and pots and pans from their 40,000-item product mix, and trimmed back on housewares. Storage, on the other hand, has been built up to 16 facings in 20-foot aisles.

Endcap and header signage in Central's stores was vintage Handy Andy design, but the overwhelming motif was taken from AKI (NHCN, May 21). Gondolas are higher with more end panels of merchandise. Lighting is more focused on products. Cohen called the changes "a breath of fresh air."

As at AKI, the front of the Central stores is dominated by a wall display of



Jim Cohen
president

hand and power tools. Behind it is a long aisle of low, knee-high walls separating what appear to be individual workshops showcasing larger, higher-cost power tools such as planers and drill presses.

(Continued on page 41)

Proposed spray paint ban fuels Chicago dealers' ire

By an NHCN staff editor

CHICAGO — A recent proposal to ban spray paint can sales here entirely has touched off spirited reactions from home center retailers within and outside city limits.

For years, the Chicago city council has forbidden the sale of spray paint cans, a major weapon of graffiti scrawlers, to people under age 18. But North Side alderman Richard Mell said at a May 9 council meeting that the ordinance had proven to be ineffective.

Mell, who formally proposed his amendment to the law on May 16, wants to see all spray paint cans, as well as ink markers more than three-eighths of an inch in width, removed from the shelves of all retailers with licenses to practice business within the city of Chicago.

Predictably, the propos-

al is not sitting well with inner-city Chicago dealers. Chuck Meranto, whose two Meranto True Value Hardware stores are within city limits, sells "thousands" of spray paint cans a year, ostensibly to non-delinquent clientele.

When questioned about alderman Mell's proposal, Meranto was incensed. "I've pretty much had it up to my ears doing business in Chicago," he said. "Next they'll take cars off the streets, because they can kill people."

Equally predictable was the reaction of Joe Di Novo, owner of Blue Island Hardware located just outside of Chicago.

"That rule would be fine with us," says Di Novo, adding that even if it weren't passed, he would still refuse to sell the products to underaged patrons. ♦

Builders Emporium hires 23-year vet as executive vp of merchandising division

Will function as coordinator for three gmms

By an NHCN staff editor

IRVINE, Calif. — Builders Emporium has added a level of management between president James McKittrick and his three general merchandise managers.

Garry Brown, former executive vp-operations and merchandising for Irving, Texas-based specialty retailer Michaels Stores, was hired on April 17 by BE as the company's executive vp-merchandising.

Brown's role at BE will be to oversee the 110-unit chain's three general merchandise managers— Art Messina (building materials, lumber, plumbing and electricals), Thomas Miller (hardware, tools and nursery and garden), and Raul Tallabas (paint, housewares, home decor and seasonal items). The three men in turn supervise buyers in their respective categories.

"This job is a tremendous

opportunity and is going to be a lot of fun for me," exclaims the 47-year-old Brown, who brings 23 years of retail merchandising and operations experience to his new position.

Brown, who has known McKittrick since the two worked at K mart over 10 years ago, is assuming a post that was held by two other

just two months, and is now Handy Andy's vp-specialty retailing.

Coordinator sought

It seemed for a while that McKittrick, who supporters and detractors alike describe as a "hands-on merchant," had decided to dissolve the position entirely, opting to deal with his three merchandising point men directly.

Although McKittrick was unavailable for comment, several of his past colleagues shared their thoughts on why he may have hired Brown.

"The three gmms are really functionally merchandising managers," said Albert, who supervised all three during his tenure at Builders Emporium. "I think Jim needs a real gmm to handle the detail work of coordinating all facets of purchasing and presentation."

(Continued on page 41)

'This job is a tremendous opportunity and is going to be a lot of fun for me.'

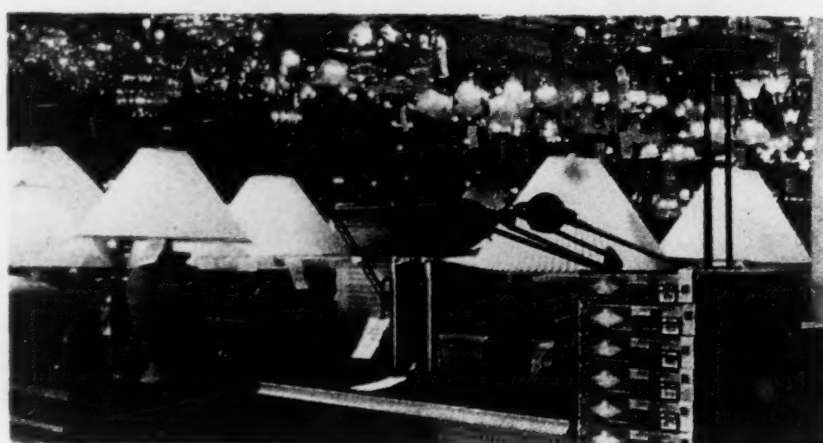
— Garry Brown,
executive vp-merchandising,
Builders Emporium

men in the last year and a half. Dennis Albert, who was merchandising vp under McKittrick's predecessor, Ted Kazleman, left shortly after McKittrick came on board. Marty Schaefer, who held the job in late 1989, resigned after

contents

buying & selling

Low-voltage products may help boost lighting sales	21
Retailers use broader product mix, more promotions to stir electricals sales	21
New Products	21
Merchandising Digest	29
Advertising & Marketing	30



perspectives

Landlords open door of opportunity to home center dealers	33
INDUSTRY UPDATES:	
Shop Vac agrees to purchase all assets of McCulloch Corp.	35
Northeast Retail Lumber Association to open 97th convention a day earlier	35
Will Vachon, former Rickel exec, to launch video store	35



33

Selling property managers promises sales and headaches for dealers

(Continued from page 33)
really haven't found a retail hardware store or home center out here where I can get a better price or quicker service than from their suppliers."

Carmen Fraser, general merchandise manager for Tarzana, Calif.-based Terry Companies, disagrees with Grady's assessment of retail home centers.

Getting the word out

"All of our professional customers are offered really

sharp prices on power tools, concrete, and cement, lumber and other building materials," she asserts. Fraser concedes, however, that Terry's 13 units throughout southern California are 80 percent contractor-oriented, and carry items that most DIY-targeted home center stores do not.

Fraser also admits that word about Terry's services and products is slow to circulate to new business. The majority of new professional accounts that Terry secures is

through word of mouth.

"We put advertisements in the Yellow Pages saying we're 'The Builders' Store,'" says Fraser. "But we're not that actively into mass media promotions."

Payless Cashways, the Kansas City, Mo.-based retailer that has positioned itself to cater more to the professional account, is one of the few big chains that are actively pursuing the landlord through its advertising. Signs displayed in its Tucson, Ariz., store, for example, invite superintendents and property managers to open commercial accounts. The signage is interspersed throughout the store's electrical, plumbing

and building materials aisles.

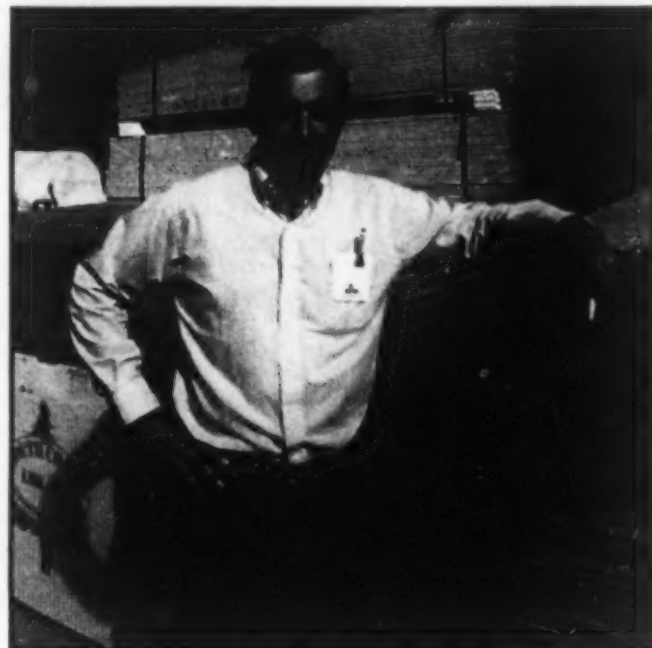
While agreeing that there are always a few accounts that are slow to balance, Payless spokeswoman Brenda Nolte says that landlord accounts do represent a lucrative opportunity for the chain.

"We go out of our way to make sure that the contractor, superintendent and regular homeowner can find anything he needs in one of our stores," she says. "Our credit division is never lenient—we do close delinquent accounts—but our credit policy is flexible in that payment schedules can vary from state to state."

That option isn't available to every dealer in pursuit of this

business, though. John Lynch, who runs Apex Hardware Supply on 195th Street and Broadway in Manhattan, is forced to be lenient in dealing with his landlord customers, who he says represent most of the accounts in his neighborhood.

"If you're not a big chain which can shed off these late-paying accounts and absorb the loss, you have to stick with them or risk going out of business yourself," he



Dave Massolo, store manager of Millbrae Lumber, which services Bay Area apartment developers. NHCN photo

complains.

Before that could happen to Paul Glambert, the Massachusetts dealer, he virtually removed himself from that side of the business. After decades of jumping through hoops for landlords—providing timely delivery and carrying accounts that lagged an average of 120 days—he says his business is more profitable now that he's not catering to that sector.

"The costs of my sales were through the roof, because I had to hire people who had more specialized product knowledge than the average floor salesman," says Glambert, who adds that his cost-of-sale as a percent of payroll was a great deal higher than the average 19.4 percent cited by the National Retail Hardware Association's 1989 Bottom Line Report.

In the course of explaining all of this, Glambert is called away from the telephone for a few minutes.

"A prime example of what I used to have to go through came walking through my

"We go out of our way to make sure that the contractor, superintendent and regular homeowner can find anything he needs in one of our stores."

—Brenda Nolte, spokeswoman, Payless Cashways

door just now," says Glambert upon his return. A super for a building in Worcester, Mass., is looking for 20 stone forks, pitch forks with 10 prongs instead of three.

"I told him he'd better be prepared to pay me now and wait 30 days for delivery, and he left," he says.

"I don't like to turn business away like that, but I have to work within my means." ♦

Spring Hinges

National's Spring Hinges are creating new sales for retailers by offering consumers the ultimate in convenience—automatic closing doors.

NATIONAL

Call 800-435-4672
(IL 815-625-1320)

National Manufacturing Co., Sterling, IL

Circle 25 on Reader Service Card

Median asking rent by no. of bedrooms					
Year	1	2	3	3+	Average
1978	\$207	\$227	\$274	\$350	\$265
1979	225	246	293	350	279
1980	252	282	333	413	320
1981	353	315	374	437	370
1982	331	356	416	450	388
1983	320	355	417	535	407
1984	315	360	437	508	405
1985	347	388	469	550	439
1986	372	407	492	550	455
1987	499	461	551	646	539
1988	NA	497	596	650	581

Source: U.S. Census Bureau NHCN chart

THE DIFFERENCE BETWEEN SHELF-TALKERS AND FAST-TALKERS.

Some companies give you a lot of lip service about their merchandising support and how their products will move. At MACCO® we don't just talk. We deliver. With an exceptional marketing support program including everything from in-store point-of-sales to shelf-talkers to packaging. And the strongest brand name in the business, LIQUID NAILS®. For a profitable talk, call 800-634-0015. In Ohio, call collect 216-953-2186.

MACCO®

THE MAKERS OF LIQUID NAILS.

© 1989, Macco Adhesives. MACCO and LIQUID NAILS are registered trademarks of The Glidden Company.

Circle 26 on Reader Service Card

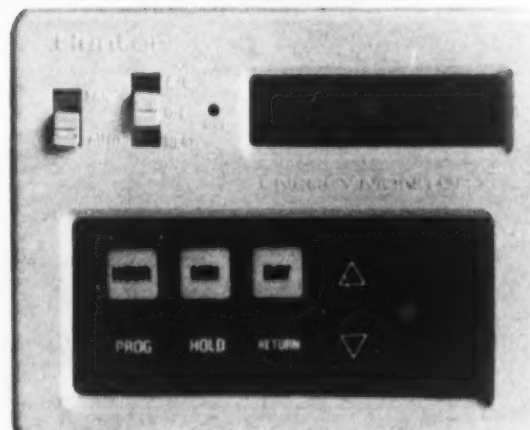
New programmable Hunter thermostat. Retail...\$24.95.

In addition to our other quality programmable thermostats, now Hunter offers a lower-priced model. The Energy Monitor I.

Which means if you want to sell a full range of thermostats at every price range, for every kind of customer, there's only one manufacturer that lets you do so. Hunter.

To find out more, call Chuck Smith at 901-745-9370. Or write us at 2500 Frisco Ave., P.O. Box 14775, Memphis, TN 38114.

© 1990, Hunter Fan Company.



HUNTER

Thermostats.

Hunter Fan Company. Building The Best For Over 100 Years.

Ceiling Fans • Air Conditioners • Dehumidifiers • Lighting

Circle 27 on Reader Service Card

BMC West continues expansion

(Continued from page 1)

In November 1987, two former Boise Cascade executives bought from the forest products conglomerate its last 20 home improvement stores and launched a new company.

Financial backing has come from McCown DeLeeuw & Co., a private investor group in San Francisco whose partner George McCown had been a vice president for Boise in the 1970s. BMC's president Donald Hendrickson had been Boise Cascade's general manager of building materials distribution.

Last year, BMC had \$198 million in sales from 21 stores, including the former Willard

Lumber of Fresno, Calif., which it acquired in December. It expects a major hike in volume this year, partly because three of its dominant markets—Spokane, Wash.; Lewiston, Idaho; and Denver—are seeing economic expansion, said Pearson.

Contractor-oriented

The Colorado economy is now less reliant on energy industries whose decline crippled some areas in the mid-1980s. Activity in the Pacific Northwest is being fueled by Asian investments. Trade in Northern and Central California, where BMC will soon secure

another 24 former Diamond yards, is as strong as ever.

Pearson said his company is poised to capture business in all three regions. "Our bread and butter is contractor business," he said, referring to new construction and repair and remodeling. "Our yards do some retail, but not much."

In Colorado, where five of the already-purchased seven Diamond yards are located, BMC has been orienting former Diamond employees to BMC's culture, hiring additional sales staff, and implementing new purchasing and inventory-control systems.

BMC believes it can succeed where Diamond failed for several reasons, not least being the latter's chronic cash problems.

Diamond had been saddled with interest payments on a \$70 million loan that brought it out of Chapter 11 in April 1989.

With the edge of more operating capital, BMC plans a heavy advertising campaign to lure builders and remodelers. The key, Pearson said,

will be a vast product offering and competitive prices.

To accomplish the latter, he cited a centralized commodity purchasing system being run out of Boise. Made up of four "tough negotiators," he said the buying team has been key to BMC's current success. ♦

Central gets new European-style design from parent GB-Inno

(Continued from page 2)

Adjacent to this were bunks of varied-sized lumber, including 2 by 3 studs. At the St. Charles store, which has more outside space and is more heavily merchandised in lumber and building materials, Central plans a drive-through yard.

New outlook

Part of what Central is calling its "Concept 90" store design includes a greatly upgraded and enlarged kitchen and bath department. One side wall has colorful, overhead, inset displays of tubs and sinks, with a sit-down,

kitchen and bath service desk below it; the service desk is staffed by certified kitchen and bath designers.

Cohen said he'd wanted to make changes to the chain for the past two years, since Central's tabloid advertising changed from price and item to a high-gloss presentation. But he was hindered by Central's previous ownership, Interco, whose battle fighting off a hostile takeover drained any funds for updating Central's 1970s look.

Central, which is based in Bridgeton, Mo., expects to remodel 25 of its 38 stores over the next three years. ♦

BE hires executive vp-merchandising

(Continued from page 2)

Another former colleague of McKittrick's, who is an executive at Ames Department Stores where McKittrick worked just prior to BE, speculates along the same lines as Albert.

"I'll bet the three gmmms are good at picking items and negotiating prices, but maybe aren't that strong in selecting quantities and figuring out the timing of the buys," says the Ames source, who requested anonymity.

"Garry Brown is extremely good in both areas; he has a great sense of style as well as an intuitive knowledge of how much and when to present product."

As for uprooting Brown, his wife, and two children from a job and home in central Texas, McKittrick's old friend said he couldn't resist the offer.

"Jim is pretty persistent, and a really persuasive salesman," says Brown. "But it didn't take much, because I've always enjoyed working with him."

New prototype opens

Brown comes to the company just one month prior to the debut of BE's Chino Hills, Calif., store. Opened on May 26, the 40,000-square-foot store, which McKittrick himself has described as a "category-dominant, neighborhood hardware store," is the first to open under his supervision.

The Chino Hills store features larger end-caps and broader, six-foot-high gondolas. Plumbing, lawn and garden, lighting, paint and hardware departments have all been expanded.

Inner city hiring

In other news, BE is gearing up to hire some 150 teens to work at 15 stores located in inner-city Los Angeles.

BE vp-human resources Mike McMillan says that the chain has made a practice since the its inception of hiring neighborhood youths recruited through the Los Angeles Archdiocese, the ADEPT and YES youth programs, and other charitable organizations. ♦

National Home Center News (ISSN 0192-6772) is published 23 times a year, twice a month, monthly in December, beginning with the second Monday in January; by Lebhar-Friedman Inc., 425 Park Ave., New York, NY 10022. Subscriptions are available at no charge to qualified retailers and wholesalers of lumber and building supplies and hardware. Paid subscriptions are available to nonqualifying retailers and wholesalers, and to manufacturers and others at \$69 per year in the U.S.; \$79 per year to Canada; \$219 per year to all other countries (air mail only). Group subscriptions available in the U.S. (1-4 copies, \$69; 5-19 copies, \$64; 20 or more copies, \$59). Single rate copy is \$3 except last two May issues (Annual Census Issues) \$30 each, \$50 for both.

Second class postage paid at New York, N.Y., and additional mailing offices. Vol. 16, No. 11, Copyright© 1990 by Lebhar-Friedman Inc. All rights reserved. Postmaster: Please send address changes to Subscription Dept., National Home Center News, 305 Madison Ave., Suite 535, New York, N.Y. 10165-0079. For change of address six weeks is requested. Give old and new address and zip code. If possible, enclose address portion from cover on previous issue.

Vol. 16, No. 11 June 4, 1990

Index of Companies in This Issue

Ace Hardware	1,42	Extra Space	4,42	Michigan General	18
AKI	2	First Alert	29	Millbrae Lumber	33,34
Amerock	17	Flex Trim	29	Mr. Goodbuys	21,22,24
Ames Department Stores	41	Floor to Ceiling	21	National Lumber	5
Angelo Lighting	22	Focal Point	29	NHD Stores	17
Apex Hardware Supply	34	GB-Inno	2,41	Nortek	5
Beach Home Hardware	1	GE Lighting	21	Pacific Electriccord	24
Biener Hardware	33	Gemini Industries	21	Pay 'N Pak	21
BJ's Wholesale Club	4,42	General Electric	17	Payless Cashways	34
Black & Decker	8,35	General Felt	18	Pergament	21,22,35
Blue Island Hardware	2	Handy Andy	2,41	Price Plister	17
BMC West	1,18,41	Hardware Wholesalers Inc.	21,22,24	Progress Lighting	22
Boise Cascade	18,41	Heath Zenith	29	Rickel	8,35
Builders Emporium	2,41	Hechinger	1,17	Scotty's	2,33
Builders Supply	29	HoM	8,35	Sears	1,24
Canadian Tire	1,42	Home Depot	1,5,8,42	Sentry Hardware	30
Catalina Lighting	21	Home Hardware	42	Servistar	1,42
Central Hardware	2,41	Home Quarters Warehouse	1,17,42	Shop Vac	35
Channel	29	HomeBase	2	Square D	24
Cotter & Co.	30	HomeClub	4,42	Supply One	21,22,24
Danaher Corp.	8	Homevue	21	Task Lighting	21
D. H. Howden	42	Ikea	1,8,42	Terry Companies	34
Diamond F	22	K mart	2	True Value	1,30,33
Diamond Lumber	1,18,41	Knox Lumber	22	Waban	4,42
Dixieline Lumber	5	Lee Lumber	33	Wesray Capital Corp.	42
Donevan Hardware	1,42	Lithonia Lighting	21	West Building Materials	4
Douglas Lumber	22,24,29,42	Lowe's	1,4,8,17,18,21,24,29	Wickes Lumber	22
Dykes Lumber	29	Maine Hardware	22	Willard Lumber	41
Eagle Electric	24	MaineLine Distributors	21,22,24	Woods Wire	24
Electroline	24	McCulloch Corp.	35	Yardbirds	22
Ernst	4,42	Meranto True Value Hardware	2	Zayre	4,42

Advertisers Index

Boldface denotes reader service number.	International Lawn & Garden	35, 28	Panasonic	30, 22
American Power Products	Keystone Franklin	29, 16	Plaid Enterprises	8, 7
Amerock	Knaut Fiber Glass	29, 17	Royal Rubber	8, 8
Andersen	Lane Publications	41, 31	Simpson Strong-Tie	30, 21
Argee	Larson Mfg.	5, 5	Square D	22, 12
Croft Metal	Lee Rowan	24, 14	W.W. Henry	5, 3
Custom Leathercraft	Lights Of America	20, 11	Waxman Industries	3, 1
Dutch Boy	Macco Adhesives	34, 26		
Eagle Electric	Makiki Electronics	29, 19		
Georgia Pacific	MW Mfg.	19, 10		
Glidden	National Mfg.	34, 25		
HWI	National Store Fixtures	5, 2		
Hunter Co.	Newell	43, 32		
	Olin Chemical	25-28, 15		

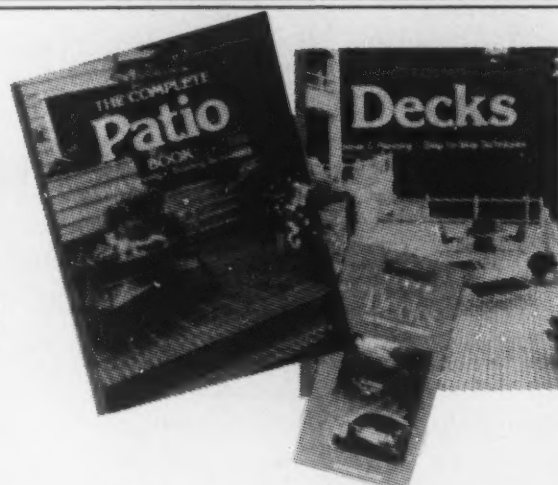
Project Ideas & Know How

The best way to increase your product sales!

When you increase the D-I-Y competence and confidence level of your customers, you increase their capacity and willingness to buy your store's products.

Teaching how-to skills and providing project ideas is our only business and has been for more than 50 years. Expertise you can rely on . . . and profit from.

Sunset is not only the best how-to information source available, it is the most profitable! Sunset inventory turns 5 to 6 times per year, for a GMROI of 3.0 or better.



Bring D-I-Y know-how and projects to your customers and you'll sell more tools and materials . . . guaranteed!

We offer IN-STORE SERVICE, FREE DISPLAYS, and CO-OP ADVERTISING.

Call us today at: (800) 227-7346.

In California: (800) 321-0372.

Sunset BOOKS & VIDEO

© Lane Publishing Co.

Circle 31 on Reader Service Card

Grossman's names heir apparent to chairman . . .

By John Caulfield

BRAINTREE, Mass. — Grossman's Inc. will be led in the 1990s by a man who's used to making a lot of dough.

For the past 24 years Thomas R. Schwarz, 53, has been president of Dunkin' Donuts, which he helped build into a 2,600-unit, \$1 billion chain of coffee and donut shops in 40 states and 14 countries.

On June 25, he will officially become the president and chief operating officer for Grossman's, the 157-unit, \$801 million chain of home centers. "I'll be replacing the short-

ening in my veins with sawdust," said Schwarz, whose appointment was made public on June 4.

More significantly, on Oct. 1 Schwarz will become Grossman's chairman and chief executive officer, replacing the company's long-time president and chairman Mike Grossman.

"It is time to pass the torch of leadership to younger management," said Grossman, who will be 69 on Jan 11. To accentuate this symbolism, a lighted torch was passed between the two men after

(Continued on page 70)



Mike Grossman (left) and Thomas Schwarz, enjoy a light moment after announcing that the latter will become Grossman's president and, later this year, its chairman.

NHCN photo

. . . while two investors seek to oust its board

By John Sinisi

BRAINTREE, Mass. — Grossman's officials have urged their shareholders to resist consenting to an attempt by a Honolulu-based investor group seeking to oust the company's nine board directors, including the chain's chairman Mike Grossman.

That board, which was formed when Grossman's, Inc. emerged as a new company out of the reorganization of Evans Products in 1986, is being accused of not acting in share-

holders' best interests by Jay H. Shidler and Robert W. Holman, Jr. The two comprise Holman-Shidler Investment Corp. (HSIC), which previously had proposed a sale lease-back of 81 of Grossman's 156 stores in exchange for \$85 million in cash.

That deal, which was rejected formally by Grossman's board on May 21, included an option to buy these properties in five years. It was also the third in a series of bids the group has made for the company

(Continued on page 71)

ServiStar to buy Coast for \$75M

By Tim O'Malley

DENVER — The decision to keep the CoastAmerica organization intact was a determining factor in the agreement by Amdura last week to sell the assets of its Coast subsidiary to ServiStar Corp. for \$75 million in cash.

"[Coast] dealers would see virtually no change in their operations," assured Al Mielcuszny, senior vp-finance for the Butler, Pa.-based ServiStar. "Our intent here is to keep the train rolling."

That locomotive includes 1,200 Coast to Coast dealers and two strategically placed DCs in the Midwest and Pacific Northwest.

ServiStar, the hardlines wholesale co-op, plans to operate Coast as a subsidiary by creating a "co-op within a co-op," said Mielcuszny.

But while retaining their current programs and services, Coast dealers would relinquish their franchise agreements with CoastAmerica, which Amdura bought in 1988 for \$110 million.

The early June announcement ends weeks of speculation about who might snap up Coast, which was put up for sale two weeks after Amdura filed

Chapter 11 on April 2. Amdura has also sought bids for its other wholesale company, Farwell, Ozmun, Kirk.

HWI still interested

ServiStar's all-cash offer must still be approved by the bankruptcy court here. It is also subject, until at least the third week of June, to counter-offers, including those from entities that have already expressed interest in Coast.

One of them, the Fort Wayne, Ind.-based Hardware Wholesalers Inc., said it would either submit a counter-bid or

immediately begin building a DC in the Pacific Northwest to help it retain the many Coast dealers it claims to have signed in the region in recent weeks.

HWI's executive vp Mike McClelland hinted at opting for the former, and said of Amdura's agreement with ServiStar, "This is not a done deal by any means."

However, Amdura spokesman Scott Ross cited ServiStar's cash offer and plan to keep the Coast operation intact. According to inside sources, HWI

(Continued on page 72)

Will run as a 'co-op within a co-op'

Sherwin-Williams launches paint store ad campaign

By an NHCN staff editor

CLEVELAND — In a move designed to secure its position in the \$4 billion paint market, Sherwin-Williams is implementing a \$14 million promotion for its 1,900 company-owned paint stores.

The campaign—the most ever spent by Sherwin-Williams in this regard—includes radio and TV spots, plus 48 full-page, four-color magazine ads in *Metropolitan Home*, *Better Homes & Gardens* and *Midwest Living*.

To be seen through December, the ads will be heaviest between Memorial Day and Labor Day, when 75-80 percent of paint is sold, the company stated.

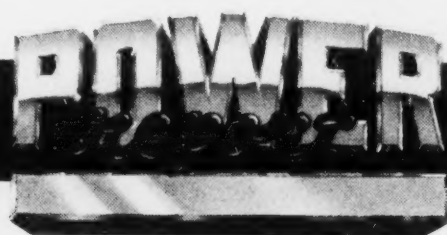
"In the past, we've done more print than broadcast," said Karl Schmitt, advertising director for the Sherwin-Williams' stores group. "This will

(Continued on page 3)

The world's best paints. And wallcoverings to match.



This four-color magazine ad promotes the chain's wallcovering selection.



POWER PLUMBING PRODUCTS

Sherwin-Williams promotes its stores in ad campaign

(Continued from page 1)
be a change from that, getting our name out there in broadcast."

Volatile market

The promotions come as the highly competitive retail paint market heats up. DeSoto, the Des Plaines, Ill., maker of private-label paints for Sears, the nation's leading paint retailer, is up for sale. Sears itself has admitted that home centers have taken a sizable bite out of its number one position in market share.

There is also some market uncertainty about the how successfully Pittsburgh Paints has integrated the Olympic Stain and Lucite Paint lines it acquired from Clorox last September.

Sherwin-Williams' Dutch Boy paint is being rolled out this year in Sears stores, and the supplier has been mentioned as a possible suitor to DeSoto.

"They view this as an opportune time," said Gregory Nejme, an analyst for Shearson Lehman Hutton in New York. "The industry is not growing fast, and the [promotion] campaign is aimed at increasing their share as things get shuffled around."

Sherwin-Williams stores had \$1.2 billion in sales last year, representing two-thirds of the supplier's overall volume. Behind Sears, the units sell more paint than any single entity, although the competition is fierce.

Among others, formidable challenges come from Benjamin-Moore dealers throughout the country, and from Glidden. The latter operates more than 400 stores.

Sherwin-Williams also competes with itself—in a way—as it supplies the private label brand sold through Hardware Wholesalers Inc., the Fort Wayne, Ind.-based co-op of 3,000 members. HWI had an 18 percent sales increase in the category last year, and a 50 percent sales hike from its dealers located in the Southwest.

"Needless to say, it's a

tough marketplace, and we want to make our stores heroes," said Schmitt.

Home decor items promoted

The ads, described as "fast-paced and funky," are aimed at married professionals, not unlike the tack Dutch Boy has taken with its "The Look" campaign.

In addition to paint, S-W plugs other wall coverings, window treatments and flooring, and focuses on quality and service instead of price.

Sherwin-Williams stores get 75 percent of their volume from contractors, who often shop with their homeowner clients. Schmitt said the ads were not designed to change that customer base.

"I'm not interested in shifting the business, but growing both sides of it," he said, adding, "we don't categorize our sales as either wholesale or retail."

Cost of tint soars

Although Schmitt denied that the promotion was a response to competition, he did cite increases in raw materials prices for prompting the campaign in part. The cost of titanium dioxide, for example, the tinting agent used to make paint white, has risen sharply over the last few years.

"We've held fast on price as others have cut prices," he said. "In the process, we hope they've backed off on quality as well."

Recent reports of a decrease in the cost of titanium dioxide were credited with fueling a mid-May, 25-cent increase in the price of Sherwin-Williams' stock. The company also confirmed last month that it had purchased a new technology for processing titanium dioxide, which could minimize the impact of price fluctuations.

One competitor said the ad campaign would benefit retail paint sales overall. "That kind of advertising gets consumers in general excited about painting," said Andrew Tennent, national paint sales manager for HWI.

I N D E P E N D E N T



Simon's "Square One" department groups together more traditional product categories. NHCN photo

Simon remodels unit, adds lines New upscale products serve its affluent base

By an NHCN staff editor

CONCORD, Calif.—Attempting to court more remodelers and buy-it-yourselfers, Simon Stores has added to its remodeled store here such exotic lines as Innova patio furniture, Jacuzzis, Valli and Colombo European locksets and imported Laufen ceramic tile.

The expanded offering is part of the 90-year-old independent's strategy to widen

its customer base. Long known for quality and service, Simon Stores is introducing a new employee training program and, under its Home Project Accounts Service, big-ticket customers get free delivery and other amenities.

The chain has chosen not to compete on price, unlike such competitors in this affluent market—40 miles northeast of Oakland—as Costco, Price-

Club, HomeClub and, soon, Home Depot.

Art Simon, the company's vice president, said competition has grown by 20 percent in the Concord market alone. His decision to compete on service instead of price may be the right one.

Shopper Norma Crawford, who is remodeling an old home, was looking for an odd-

(Continued on page 71)

Do-It-All and Payless DIY merger to form U.K.'s 2nd largest chain

By Elizabeth Brent

DUDLEY, West Midlands, England — A few months ago the chairmen of Boots PLC and W. H. Smith PLC met over drinks, during which they agreed their respective home center divisions—Payless DIY and Do-It-All—were targeting the same customer.

The result of that conclusion occurred on June 5, when the two giant corporations agreed to a \$71.8 million, 50-50 joint venture that combined the two retail chains, forming the second largest operator in the U.K. and continuing the

worldwide consolidation trend in retail home improvement.

Eventually, all 230 stores involved in this deal will operate under the Do-It-All name. No store closings are anticipated, as the 109-unit Payless is concentrated in the south while Do-It-All's 121 stores are mostly in central and northern England.

Payless will close its headquarters in Sevenoaks and lay off most of its 238 employees.

"It's simply [for] reasons of cost," said Mike Caldwell, head of corporate affairs at Boots. "The south of England

is a very expensive area for both property and salaries."

The assets of Payless DIY, the country's fourth largest home center chain, were acquired by the joint venture—known as Do-It-All—for \$30.3 million, before deducting a debt of \$14.83 million. The company will receive other payment for interest on cumulative preferred shares over the next two years.

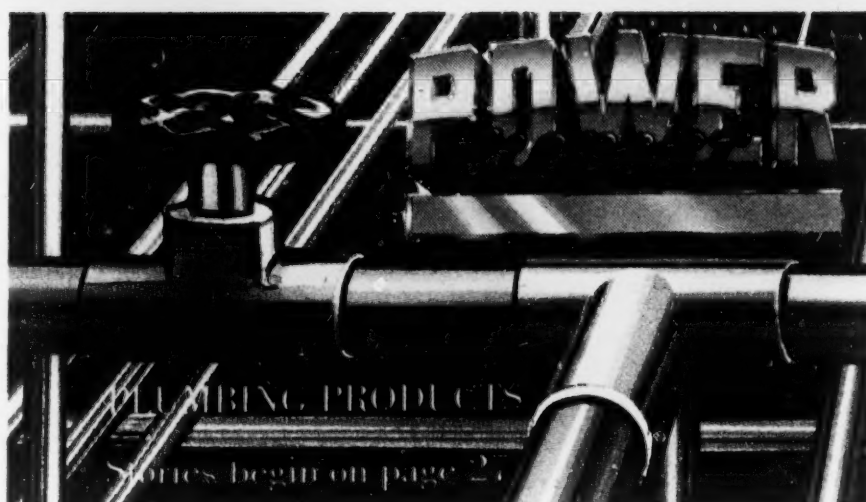
Payless stores have 2.7 million square feet of selling space with a heavy focus on building materials and the

(Continued on page 70)

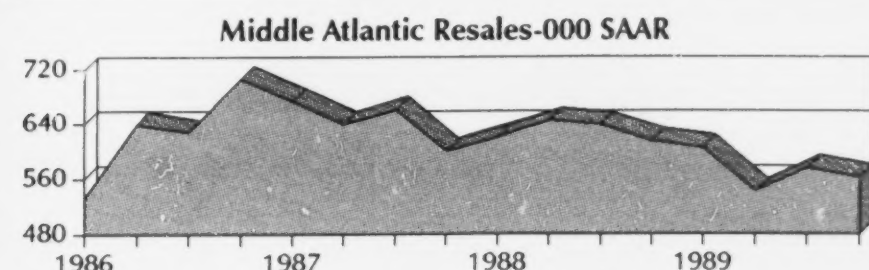
contents

upfront

Ernst reinstates its own installation program . . .	4
Regional Report: Floods sweep through the Deep South	4
Rickel announces vp moves	6
Newsbriefs	6
Williams Brothers employees buy company	9
IKEA New York-area opening is grand	12
Editorial/Commentary	23



business watch



BUSINESS WATCH 68

Ernst places installation program back in its own tool belt

By Elizabeth Brent

SEATTLE — In nearby Olympia, Wash., there weren't enough quality contractors to service homeowners who bought products in the local Ernst Home & Nursery and wanted them installed through the store's Mr. Build program.

Ernst was forced to halt installation in that unit. And when Mr. Build disbanded its regional office in this area, Ernst saw an opportunity to dissolve its partnership and run its stores' installation service internally.

"[We thought] let's put our destiny back in our court, let's go out and sign up contractors ourselves," said Gordon Erickson, Ernst's vp-merchandising who was behind his chain hooking up with Mr. Build in late 1987.

"We are capable of running

our program now; we weren't then," he said.

Ernst is now streamlining the operations with a view towards placing installation in all its stores by 1992. Currently, installation is offered in 49 of Ernst's 73 stores, and Erickson expects the revitalized program to yield sales increases of over 50 percent this year. The chain declined to divulge any sales figures.

Four-man team

Ernst can now control the number of contractors it deals with and turnaround time for projects. But it recognizes that installation is a separate business, and has retained the former program's four-man dispatch team that acts as an intermediary be-



Monty Reese, Ernst senior vp-marketing and advertising. NHCN photo

tween contractors and homeowners.

The team is now called the Ernst Service Center (ESC) and has responsibilities that go beyond facilitating the pa-

(Continued on page 70)

Also tests new product lines and larger-format store design

By an NHCN staff editor

SEATTLE — Ernst Home & Nursery is testing three new departments and a "customer friendly" store design at its Westwood Village unit here.

If successful, the chain will build larger units in the future with 45,000-square-foot showrooms and 15,000 square feet of outside nursery space.

The addition of departments for office supply, home supply, and recreation and leisure, as well a line of video and audio cassette tapes, brings peripheral merchandise into the stores.

Company officials say the new departments will boost traffic flow, increase the frequency of store visits by consumers, which in turn will help the sale of projects that has been a parallel marketing push for the chain.

Many of the new items are volume producers and price sensitive items sold at little or no margin. But will customers drive to Ernst stores to buy such goods?

The company does offer convenient locations—39 stores in the Puget Sound area alone. But by widening its mix Ernst has also expanded the companies it competes against to include grocery and specialty stores.

(Continued on page 71)

Harsh weather wreaks havoc in South

Lawn & garden season is rained-out, but emergency material sales help dealers survive

By an NHCN staff editor

REGIONAL REPORT — Sales of lawn and garden supplies normally would be bustling this time of year at Elliott's Hardware in Dallas. But the independent has sold more water pumps and bug killer than fertilizer and hoes.

"We're having a banner year with submersible pumps," said vp Charlie Bond. "And we sold more fire ant killer in May than the last several years combined."

That's because Dallas and most of the Deep South are under water after being hit this spring by torrential rains, howling winds and, in



The Trinity River, in Southeast Texas, has swelled to almost double its normal depth, chasing many residents from their homes.

some areas, tornadoes of record frequency.

The Noah's Ark-like weather began in mid-April and has hung on through June, claiming at least 15 lives, chasing hundreds from homes, destroying businesses and upsetting the ecology in Oklahoma, East Texas, Louisiana and Arkansas.

Recently, tornadoes have struck further north, hitting Kentucky, Missouri, Indi-

ana and elsewhere in the Lower Midwest. At least 10 were killed by a spat of bad weather that struck in the first weekend of June.

In Bedford, Ind., twisters leveled a shopping center and a mobile home park, leaving 30 families homeless. In town, Black-Carmichael-Klein Lumber was anticipating requests for plywood, roofing and other materials.

(Continued on page 72)

Hardlines suppliers mount defense in price fixing case

By Gary S. Ruderman

ST. LOUIS — Officials of Hager Hinge here made a deal with federal investigators whereby no individuals at Hager will be prosecuted in return for the company pleading guilty in what could be a \$200 million price-fixing case.

Hager—along with three other suppliers and five individuals—was indicted last month on a federal charge of conspiring to fix prices on architectural hinges used in public and commercial buildings.

The alleged conspiracy occurred from 1986 to this year, and amounted to "over \$100 million annually," according to Terry Lubeck, the head of the U.S. Justice Department's Antitrust Division II in Washington.

Lubeck confirmed the details of the arrangement between his department and Hager. The fine has yet to be revealed.

Spokesmen for the other companies named in the indictment—The Stanley Works, New Britain, Conn.; McKinney Products Co., Scranton, Pa.; and Lawrence

Bros., Sterling, Ill.—said their companies and senior managers were to plead not guilty to the charge at the arraignment slated for June 12 in federal district court here.

Individuals named were: Richard Martin, president of Stanley's hardware division and John F. Hollfelder, former vp-sales at Stanley's hardware division; David Gibson, president of McKinney Products and Robert Haverst, former president of McKinney and now president of its parent, Esstar Holdings, and John Lawrence, chairman of Lawrence Brothers.

Exactly who is culpable, however, isn't precisely clear from the indictment, in which Justice states that other persons, as yet unnamed, participated as co-conspirators in the alleged acts. At least one industry watcher suggested that field-level people may have been the real perpetrators of the price fixing but that Justice decided to name their superiors. This could not be verified independently by NHCN.

(Continued on page 72)

Corrections to NHCN Retail Census

Rank 1989	Rank 1988	Company	Sales (\$ Millions)		% Change 1988-1989	% DIY 1989	1988	Stores 1989	1988	proj. 1990	Showroom sq. ft. - Store avg.		SKUs store Average		Employees	
			1989	1988		1989	1988				1989	1988	1989	1988	1989	1988
8	9	Grossman's, Braintree, Mass.	801	768	4	80	80	157	156	NA	31,900	31,900	18,000	11,000	5,200	8,100
20	18	Pergament Home Centers, Melville, N.Y.	307	272	13	100	100	35	35	39	42,000	40,000	48,000	40,000	3,300	3,000
Revised Top 350 Totals And Averages			34,715	32,772	5.6	62	62	5,384	5,612		18,086	17,577	13,919	13,435	240,530	239,767

Corrections to NHCN Wholesale Census

Rank 1989	Rank 1988	Company Name	Annual Sales \$ Millions		% Change 1988-1989	Number of Distribution Centers		Avg. Inventory Carried at DC in \$ Mil		Number of SKUs offered		Number of Active Customers		Number of Trucks		Number of Employees	
			1989	1988		1989	1988	1989	1988	1989	1988	1989	1988	1989	1988	1989	1988
8	5	Emery-Waterhouse, Portland, Maine	102	120	-15	1	2	9.3	11.2	28,000	29,600	950	1,200	33	33	360	480
Revised Top 75 Hardlines Wholesalers Totals & Averages			2,618	2,616	0.1	115	123	5	5	22,809	23,081	107,504	108,858	14	15	9,806	10,089

Middle Atlantic States: Building material sales tumble

The Middle Atlantic states are currently in a soft position to support building material sales. The overall regional economy is weak, and housing markets in particular are down. Against this backdrop, building material sales will rise only 2 percent this year versus a national average of 5.4 percent. Sales in 1989 were down 3.4 percent, the worst in the nation. For the country as a whole, sales rose 1.4 percent.



Richard E. Mount

The region continues to face escalating problems. Following the stock

market crash in 1987, financial firms cut back. As wage gains eased, housing came under pressure. Office and hotel construction, which had surged with the prior rise in the region's fortunes, suddenly became overbuilt.

Reductions in defense spending put the Long Island economy into a tail spin. Regional banks faced problems with real estate loans and international banks faced growing difficulties with foreign loans. As employment and tax revenues slowed, local governments, especially New York City and New Jersey, faced growing deficit problems. Drexel Burnham's bankruptcy in early 1990 put further pressure on the weak local economy.

The employment picture is soft—only New England is weaker. Total

employment is up 0.9 percent, the national average is 2.1 percent. New Jersey is facing a 0.6 percent gain and New York—the strongest state in the region—is ahead by 1 percent.

Employment in Pennsylvania is up 0.9 percent and this state should be the strongest in the region over the coming year as Philadelphia's economy will not weaken as much as New York City's.

There are positives in the region. Household incomes are high, 14 percent above the national average as the Bergen and Middlesex metropolitan areas have the third and fourth highest per capita incomes in the nation. The distribution of population is also favorable as the area has a higher proportion of people age forty-five and above

than the nation, the age group more likely to undertake remodeling work.

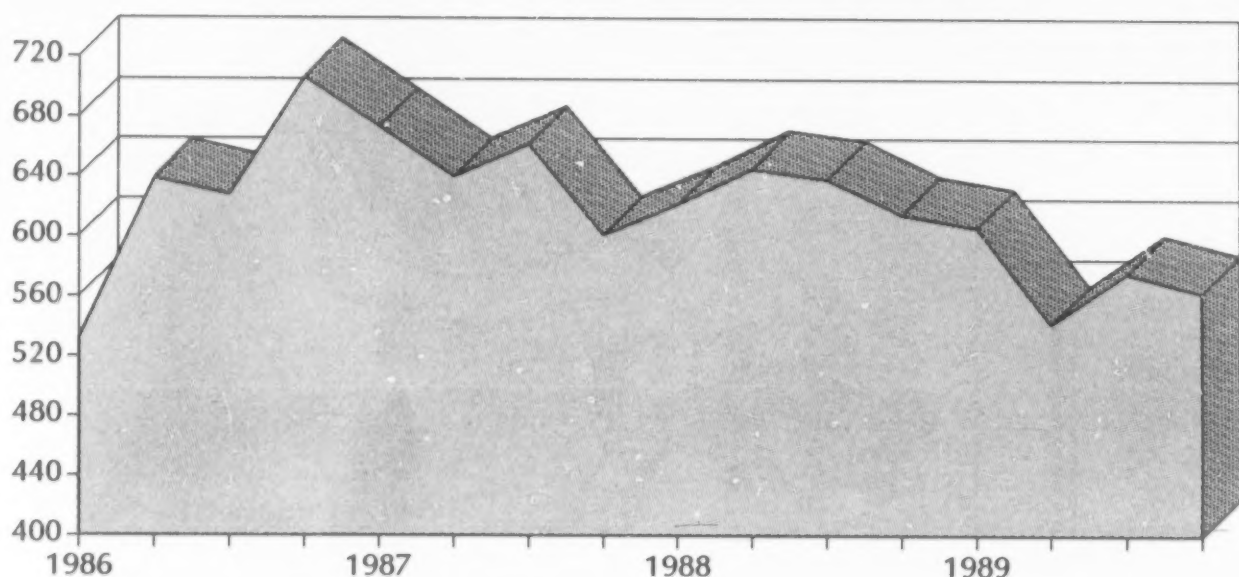
The softness in housing is also a plus. As it becomes a buyers' market, perspective sellers are fixing up their homes more than in the past to make them more marketable.

While finance and defense are major industries in the Middle Atlantic states, other sectors—business services, advertising, chemicals and communications—all respond to the national economy which appears to be in the early stages of a new acceleration. As the markets recover in 1990 and 1991, the Middle Atlantic states will stabilize, although not returning to their former glory of the mid 1980s.

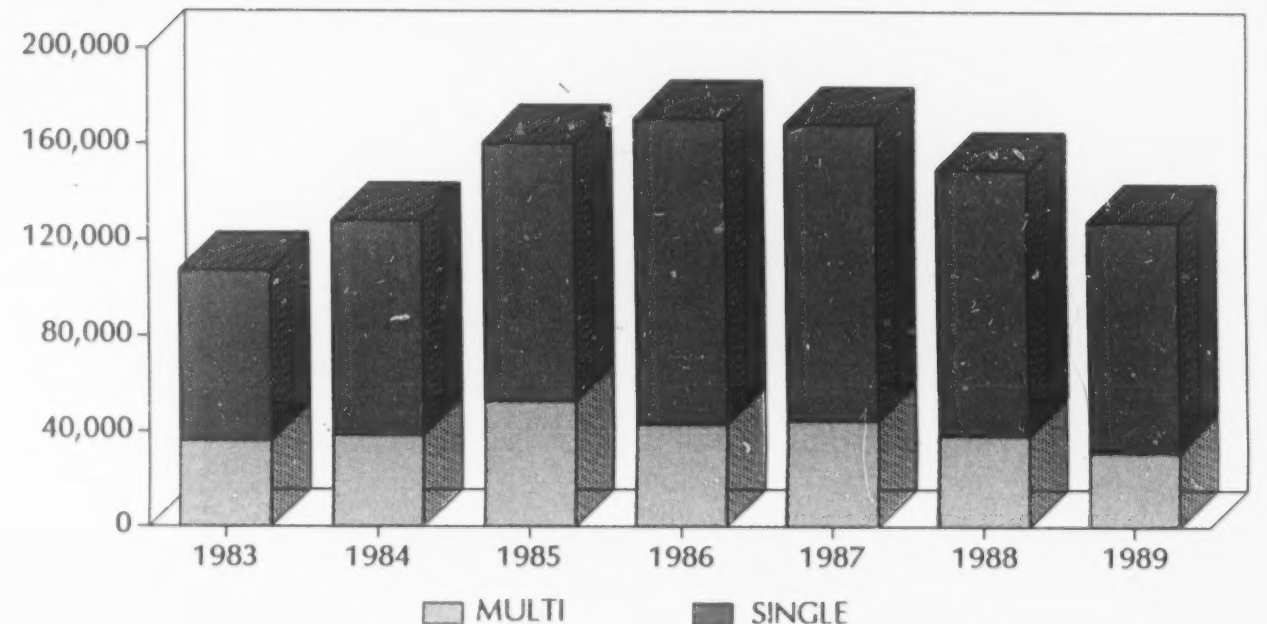
Richard Mount is president and chief economist with Mount Economic Consulting

market momentum

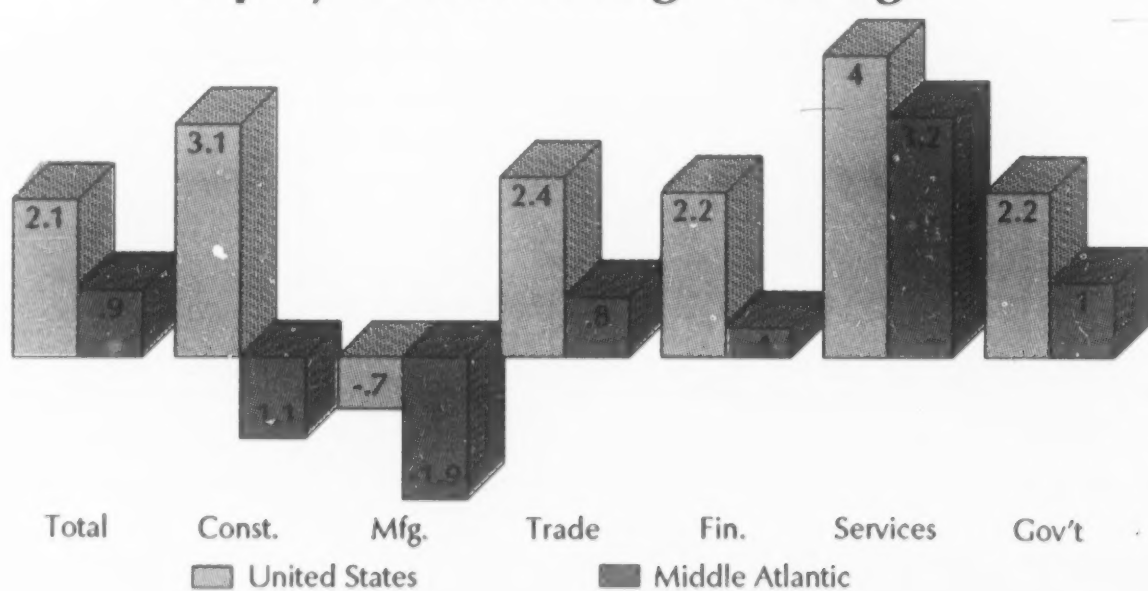
Middle Atlantic Resales-000 SAAR



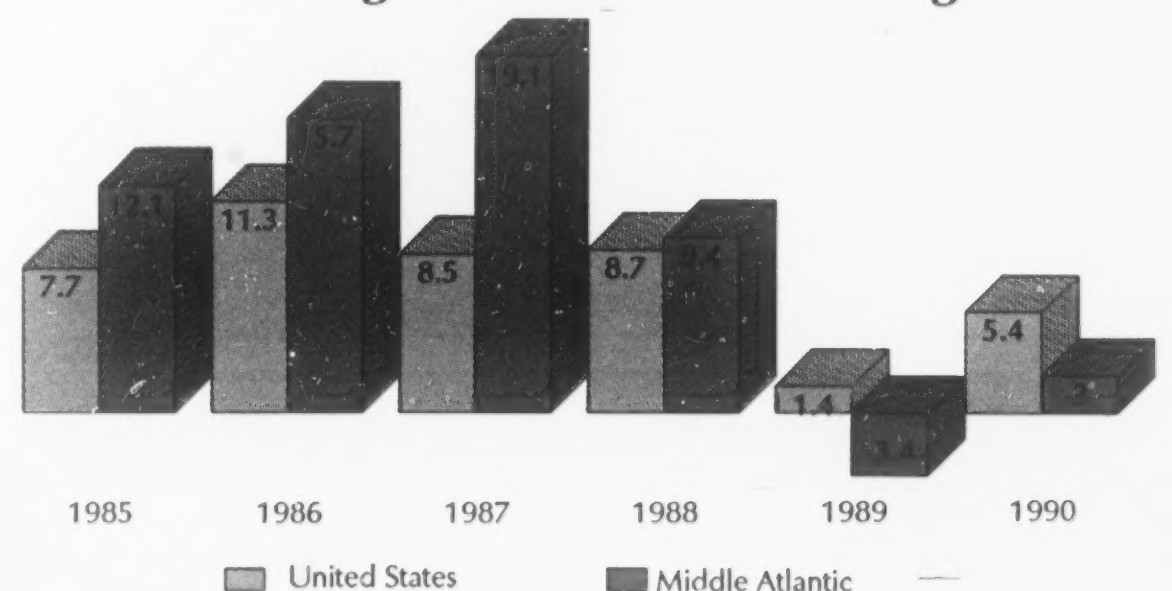
Middle Atlantic Residential Permits



Employment % Change Year Ago

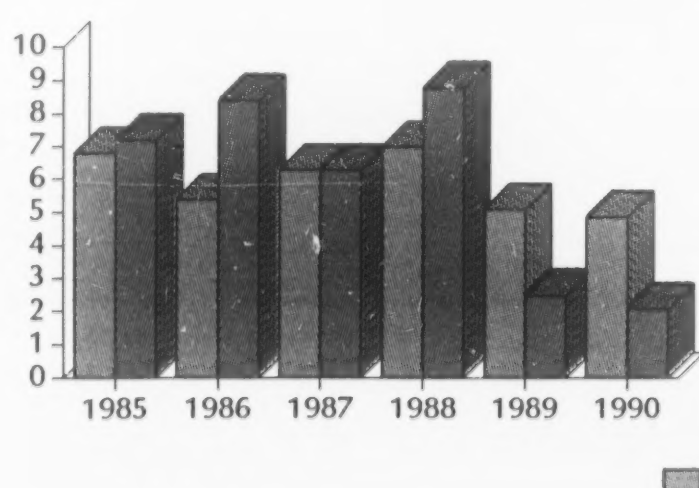


Building Material Sales % Change

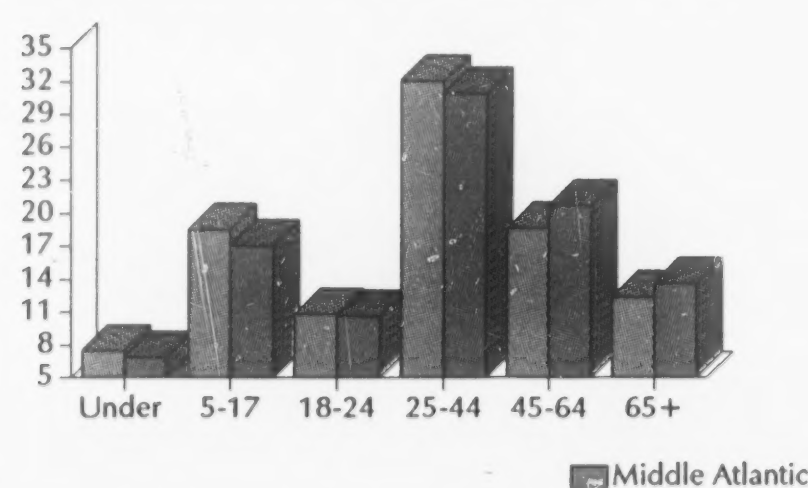


the bigger picture

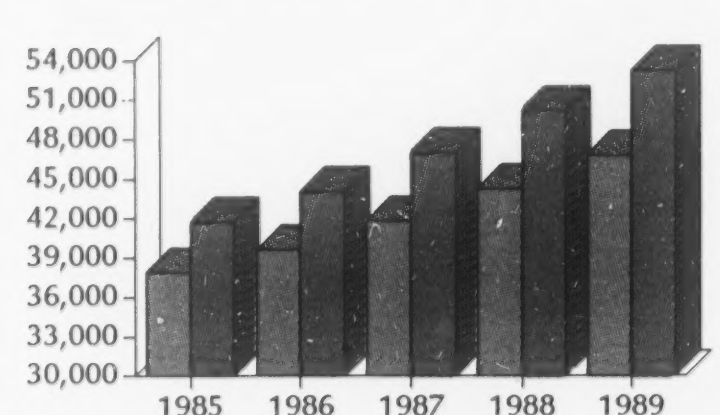
Total Retail Sales % Change



Population Distribution by Age (%)



Average Household Income



Grossman's board under fire

(Continued from page 1)
since June of 1989, when it offered \$10.25 per share for the firm.

Stanley Berman, Grossman's executive vp-administration, confirmed that HSIC's filing was the first time the investor group's bids have been made public.

Berman and other Grossman's officials also insist that the naming of former Dunkin' Donuts president Tom Schwarz as the successor to Grossman as chairman had nothing to do with HSIC's actions (see other story).

Board said to fail investors

On the day its latest bid was rejected, HSIC, which controls 4.7 percent of the company's 21.1 million outstanding shares of common stock, made a 14-B filing with the Securities and Exchange Commission, in which it petitions shareholders to consent to have Grossman's board replaced by Shidler, Holman and as-yet-unidentified nominees of their choosing.

"We're taking this action because we feel that Grossman's present board has not acted in the holders' best interests in rejecting various

proposals we've made in the course of the past year," said Ian Killip, a spokesman for the investors. "And because we believe we can maximize the value of the company for all concerned."

Calls to several board members were not returned.

Plea to shareholders

In a prepared statement, Mike Grossman asked shareholders to hold off making any decision until the board made its recommendation for action "as soon as practicable." The statement added that only shareholders who owned stock before May 30 were eligible to vote their consent.

Relying on shareholders to see things its way is a gamble for Grossman's. Only 37.8 percent of the company is held by institutions, according to Vickers Stock Research Corp. Initial comments by stockholders were noncommittal.

"We are going to wait until we hear all of Grossman's side of the story before we make any decisions," says Bill Dalton, a trader for Mutual Series Funds, a New Jersey investor group that holds some 1.2 million of Grossman's shares in various mutual funds.

The only other shareholder with more than 1 million shares is BankAmerica, whose holdings were repayment of debt from Evans' bankruptcy. Officials from the lender couldn't be reached.

Helped save Hawaii dealer

Shareholders probably want to get a better reading of Grossman's challengers, two reclusive partners with extensive real estate holdings. Some of their activity has been to purchase assets of financially troubled companies, lease back facilities and nurture them into the black.

Both Shidler, 46, and Holman, 45, have together and separately been able to turn around a handful of transportation and retail businesses, including Monarch Building Supply, the Kahalui, Hawaii-based dealer.

Monarch's former owner Jim Rodden says Holman was instrumental in converting his company from a small building supply dealer with \$9 million in sales and a mountain of debt in 1986 into a solvent organization with \$50 million in sales last year.

"It was Rob who brought in Watkins-Pacific [the Brisbane, Australia-based group that bought Monarch] and engineered the acquisition of our

9½-acre flagship outlet in Maui," said Rodden, who now dabbles in real estate but is a full-time football coach at Punahoe High School.

Rodden added that Holman did not interfere with Monarch's daily operations, but concentrated on searching for growth opportunities. "I couldn't have gotten to where I am now without his help."

Grossman's financials solid

Holman and Shidler joined forces in 1988 and began to evaluate Grossman's as a possible investment. Killip declined to say why Grossman's was singled out as a target.

However, the group appears to be stepping out of its *modus operandi* by going after Grossman's, which has a strong balance sheet and has recovered steadily from its Chapter 11 travail.

Net income jumped 19.2 percent to \$15.8 million last year. The company reduced its post-bankruptcy debt to \$92 million at the start of 1990 from \$226 million in 1986. That shrinkage was abetted by the selloff of Grossman's Moore's and Northwest divisions, which brought in \$106 million.

The company has also spent over to \$85 million remodeling older stores and opening newer ones, and capital expenditures will exceed \$30 million in 1990. Those stores are also now carrying up to 50 percent more merchandise than three years ago.

Consequently, some company watchers can't see how the removal of Grossman's board or its ultimate takeover would be beneficial.

"The \$10.25 a share deal would have been good for [the company]," states Bonnie Billings, an analyst for the Boston-based Tucker Anthony brokerage. "But a sale lease-back of those properties, 80 of which Grossman's owns free and clear, for just \$85 million seems like a bad deal."

She believes the company, as a defense, might consider buying back all its common stock, and states it has the creditworthiness to accomplish this. Grossman's stock was selling for 5¾ per share on June 5, and taking into account any future rise in that price, such a buyback would cost the company between \$108 million and \$170 million, by Billings' estimation. ♦

Ernst tests new product lines

(Continued from page 4)

The Westwood Village test store is promoting the new departments by running six four-page inserts over the next six months.

The recreation and leisure department, which was reinstated after a five-year hiatus, has a 120-foot run of fishing tackle, bait, camping equipment, boating supplies, and sleeping bags, of which Ernst sold 1,000 during the grand opening.

Ernst also experimented with various paper products and detergents, and promoted them on the cover of its circular to measure their impact on traffic flow before any final introduction.

The store has a 240-foot run of paper plates, trash bags, detergents and household cleaners and 1,000 skus of office supplies displayed in a 60-foot run opposite shelving.

Ironically these new departments are part of a new store layout that emphasizes product dominance in plumbing, hardware, lighting, and lawn and garden.

For instance, the store has consolidated all irrigation lines into one area and combined two separate 60-foot runs of bagged fertilizers into a 120-foot run.

The store offers a "customer friendly, product friendly" environment, according to Monty Reese, senior vp-mar-

keting and advertising.

The Westwood unit has wider, four-foot side aisles, and varies its gondola heights to create departments within departments. It also uses new slanted bins to facilitate self-service. The plumbing department places the 25 top selling items in the most accessible spot.

To combat customer perceptions that its stores are

high priced, Ernst introduced a "Verified Low Price Leader Program," just one part of its on-going promotion called "Always the Right Price."

The Seattle-based Market Trends bought selected items at Ernst stores and its competitors on a monthly basis. These are chosen from a list of 150 items which change with the season and the region. The results are promoted on hand-printed signs in the stores and on radio and TV ads. ♦

Simon Stores remodels unit

(Continued from page 3)

shaped vanity on a recent day. She said she had been to Yardbirds and was en route to Sears to compare prices.

She never made it.

Simon's plumbing department sales manager Pete Hancock stepped in, found the vanity in stock and completed the sale.

Besides remodeling this 40,000-square-foot unit recently, Simon will begin renovating its 50,000-square-foot flagship store in Walnut Creek in January. In early May, its mammoth, 90th Anniversary Sale broke sales records in all three stores.

"We want to offer the customer more choices and a complete line of products for whole house remodeling," said Simon.

The five main project departments around the store's perimeter all have more merchandise. For example, the

lighting department added Dynasty products. The kitchens, at the immediate right of the front entrance, now have appliances from Modern Maid, Creda and Braun. While the millwork department now sports Andersen windows and patio doors.

The tub vignettes were cross merchandised with Laufen ceramic tile from Brazil, which was added in January.

"The way the store is laid out, I can walk and sell the whole bathroom one step at a time," said Hancock.

Traditional categories haven't been neglected in the change. A new central "Square One" area groups together key departments such as hardware, electricals and paint, with increased offering of tools including Black & Decker's professional line and the addition of Rain Bird sprinkler systems. ♦

National Home Center News (ISSN 0192-6772) is published 23 times a year, twice a month, monthly in December, beginning with the second Monday in January; by Lebhar-Friedman Inc., 425 Park Ave., New York, NY 10022. Subscriptions are available at no charge to qualified retailers and wholesalers of lumber and building supplies and hardware. Paid subscriptions are available to nonqualifying retailers and wholesalers, and to manufacturers and others at \$69 per year in the U.S.; \$79 per year to Canada; \$219 per year to all other countries (air mail only). Group subscriptions available in the U.S. (1-4 copies, \$69; 5-19 copies, \$64; 20 or more copies, \$59). Single rate copy is \$3 except last two May issues (Annual Census Issues) \$30 each, \$50 for both.

Second class postage paid at New York, N.Y., and additional mailing offices. Vol. 16, No. 12, Copyright© 1990 by Lebhar-Friedman Inc. All rights reserved. Postmaster: Please send address changes to Subscription Dept., National Home Center News, 305 Madison Ave., Suite 535, New York, N.Y. 10165-0079. For change of address six weeks is requested. Give old and new address and zip code. If possible, enclose address portion from cover on previous issue.

Vol. 16, No. 12

June 18, 1990

Project Ideas & Know How

The best way to increase your product sales!

When you increase the D-I-Y competence and confidence level of your customers, you increase their capacity and willingness to buy your store's products.

Teaching how-to skills and providing project ideas is our only business and has been for more than 50 years. Expertise you can rely on... and profit from.

Sunset is not only the best how-to information source available, it is the most profitable! Sunset inventory turns 5 to 6 times per year, for a GMROI of 3.0 or better.

Bring D-I-Y know-how and projects to your customers and you'll sell more tools and materials... guaranteed!

We offer IN-STORE SERVICE, FREE DISPLAYS, and CO-OP ADVERTISING.

Call us today at:
(800) 227-7346.

In California:
(800) 321-0372.

Sunset
BOOKS & VIDEO
© Lane Publishing Co.

Circle 047 on Reader Service Card

National Home Center News[®]

SECOND CLASS

Vol. 16, No. 14

\$3 a copy

The newspaper for retailers serving homeowners and contractors. Published by Lebhar-Friedman Inc.

July 23, 1990

Lawn chemical makers fume over Senate debate

By Tom Neven

NATIONAL REPORT — The excesses of a few professional lawn care companies might have a negative effect on the over-the-counter chemicals retailers can stock on their shelves.

As a result of hearings conducted last March, Sen. Harry Reid (D-Nev.), chairman of the Senate's Toxic Substances subcommittee, is considering legislation to regulate use of lawn chemicals and to change labeling requirements, both for professional and consumer products.

Pro services blamed

Several manufacturers of consumer lawn chemicals are protesting, however, saying they are being unfairly lumped in with a different indus-

try, and they are fighting back.

The vast majority of testimony given at the hearings involved either hypersensitivity to lawn chemicals or cases where the chemicals were misused. In one instance, a 30-

(Continued on page 54)



Retailers may be curtailed in selling garden chemicals due to possible Senate legislation. NHCN photo

Wickes sells 32 Southeast units

New York retailer to head up new chain

By Gary Ruderman

VERNON HILLS, Ill. — Wickes Lumber, in order to cut its debt, is selling 32 of its 39 stores in the Southeast.

The chain will lose about \$150 million to \$160 million in sales and shrink to 151 stores, from 224 a year ago, following the July 31 closing of this deal, whose price and terms were not disclosed.

An investor group, led by New York financier Peter J. Solomon, signed the agreement to purchase these assets on June 26, according to Jeff Kuhr of Solomon's company.

Kenneth Miron, former president and coo of Miron Building Products in Kingston, N.Y., will run the new chain as president and ceo from its headquarters in Atlanta.

Miron resigned from his family's business in March and, according to sources, has sought to buy the Wickes stores for the last year. "I had heard that Wickes was looking to sell these stores through the grapevine," said

Miron in a telephone interview. "This is the smallest biggest industry in the country."

William Hensler, Wickes chairman and ceo, said the sale of stores in Florida, Georgia, North and South Carolina and Virginia was part of the chain's "long term strategy," but other than debt reduction he would not elaborate.

Wickes Lumber was purchased by a management-led investment group from its parent Wickes Cos. in 1988. Hensler said the stores that are being sold accounted for \$150 million of Wickes' \$1 billion in sales last year. Total sales for the chain in 1990 would be under \$1 billion, he said.

Had to cut stores

Sources said Wickes' agreement with banks involved in the buyout required the chain to trim down to 150 stores by this time. Hensler said this was untrue. The offer to buy came almost a year ago for the Southeast (Continued on page 72)

Soviet timber invades U.S.

By Gary S. Ruderman

ANNANDALE, Va. — The first large shipment of logs from the Soviet Union is expected to hit American shores this fall.

According to a negotiator for a U.S. forest products company, an estimated 6.35

million board feet (15,000 cubic meters) of pine species could reach a U.S. port by November, if a price accord is reached in Moscow this month.

Dr. Charles Nasem, president of a Virginia-based consulting and marketing firm,

left for Moscow July 10 to negotiate with the Soviet Ministry of Forestry and its forest products industry association, Exportles, on a purchase of three shiploads of debarked and bundled fir, larch, pine and spruce logs.

A decision was expected July 23. The logs are expected to land by November in either Anchorage, Alaska or Oakland, Calif.

Harlan Hummel, a consultant to Nasem's Radsec International Inc. here, said the logs could be processed into pulp, plywood or dimensional lumber. Hummel, formerly the executive director of the National Lumber and Building Material Dealers Association (NLBMDA) in Washington, said there are currently no grading standards for Soviet timber.

Neither Nasem nor Hummel would reveal the name of



the U.S. forest products company involved in the deal.

L-P imports softwood

In May, Louisiana-Pacific brought in 2,000 board feet of

larch and pine from the port of Vladivostok, believed to be the first shipment of Soviet timber to the U.S. L-P plans to test the softwood in terms of U.S. grading standards, according to L-P (Continued on page 70)

Soviet, U.S. tool cos. to trade visits

SCARSDALE, N.Y. — Plans are underway for a trip by U.S. tool manufacturers to visit Soviet tool makers with an eye toward a joint venture.

Correspondence between New York attorney James Siegel and Minstankoprom NPO "Instrument," the Soviet tool making consortium, indicates the Soviets would like to visit U.S. tool makers this September with a reciprocal visit by U.S. firms in November. No dates have been set.

Siegel, whose Scarsdale, N.Y., firm represents companies such as American Tool and Hyde Tool, said the long-term plan would be the development of a joint-venture firm between a U.S. tool company and a Soviet partner. They would produce tools for the Soviet Union and Europe.

Siegel said his firm recently formed the first joint venture between Soviet aluminum makers and Kaiser Aluminum to make soda cans in the Soviet Union. ♦

Wholesale club exec named Channel's president—page 2

Great Plains Supply sets it sights on Robertson stores

By Tim O'Malley

GRAND FORKS, N.D. — The 37-unit Great Plains Supply is negotiating to acquire what may be North Dakota's oldest business.

Robertson Companies, the publicly held chain of 20 stores and \$22 million in sales last year, was founded in 1898. But the company of recent vintage was put on the selling block because it is experiencing cash flow problems as a result of the 1988 drought, according to its president Hugh Robertson.

Its stores are in northeast North Dakota and northwest Minnesota.

Robert Wigley, chairman of the St. Paul, Minn.-based Great Plains, said in early July that the only thing holding up signing of the acquisition agreement is approval by Robertson's creditors.

"They're apparently not

pleased with our offer," said Wigley, who declined to reveal the amount of the offer. Great Plains had \$45.5 million in sales last year, which Wigley said was a "significant" increase over 1988.

Hugh Robertson did not return phone calls made by NHCN and the company's vp, Harlon Sexe, declined to comment on when the company expects to complete this transaction.

In a prepared statement released earlier this month, Hugh Robertson described the deal as a merger. However, Wigley said the Robertson stores would be renamed Great Plains. Current Robertson stockholders would have the option of investing in Great Plains, he explained, which is currently a private



company but would go public after the acquisition was completed.

The companies began negotiating this past February. Great Plains has yards in five Upper Midwest states, including North Dakota and Minnesota.

Good yards

"They've got some wonderful yards," said Wigley of Robertson's. "And we're bare in some of the areas where they're strong."

One of them is the Red River Valley on the Minnesota-North Dakota border. "We

think the Red River Valley is Utopia," said Wigley. "They survive droughts there, and the area has more rich sugar beet farmers than anywhere in the world."

Drought, along with "industry trends, and high interest rates," were cited in the Robertson's release as the key reasons the company wants to sell.

Wigley and his son, Michael, president of the company, bought Great Plains from Harvest State last year. Unlike Robertson's, Wigley said, Great Plains' sales did not suffer drastically from the

drought.

Great Plains' showrooms vary in size from several hundred feet to 20,000 square feet, and the company operates in towns that range in population from 900 to 120,000. According to information provided to NHCN, Robertson's stores average 3,000 square feet.

"We intend to purchase more yards," explained Wigley. "But the terms have to be favorable because we don't have a lot of capital." ♦

	Great Plains	Robertson
1989 Sales	\$46 million	\$22 million
Number of stores	37	20
Number of employees	290	130
Locations	Iowa, Minnesota, Montana, North Dakota, South Dakota	Minnesota, North Dakota

NHCN chart

Channel names new ceo

By an NHCN staff editor

WHIPPANY, N.J. — Channel Home Centers has named as its new president an executive with extensive experience in discounting and in wholesale clubs.

Joseph Nusim, 54, had been the president and ceo of Makro U.S.A., the hypermarket/wholesale club hybrid bought by K mart in 1988. He was named this week to head up the 89-unit Channel, which over the past 2½ years has been cutting stores and personnel to reduce debt from a \$250 million management-led buyout in 1986.

Malcolm Sherman, 59, the former chairman of Zayre Stores who joined Channel as its ceo last Sept. 18, remains with the chain as its chairman, replacing Leon Berger, who resigned after 18 years with the company and had led the investor group that took Channel private.

Nusim, who left Makro earlier this summer, comes to Channel after attempting, unsuccessfully, to raise \$25 million to start his own wholesale club that was to be called Metro and have three stores, all within 50 miles of New York City, by 1991 and 21 stores in four years. ♦



Joseph Nusim

Photo courtesy Makro U.S.A.

Weyerhaeuser sells off two more nursery products wholesalers

By an NHCN staff editor

TACOMA, Wash. — Weyerhaeuser is well on the way to divesting its nursery products group after selling off two more wholesalers.

Weyerhaeuser has sold its Hines Nursery wholesaler to a Canadian investment group, MacLuan Capital, for an undisclosed amount. The new company will operate under the name Hines Nurseries, Inc.

It operates one nursery each in Santa Ana and Vacaville, Calif., and one in Houston, where it grows containerized ornamental plants and shrubs.

"We liked the people and we liked the industry," said David Rowntree, executive vice president with MacLuan. "It's a growth industry; people like green things."

Weyerhaeuser Garden Supply was also sold on June 29 to

Central Garden Supply, Lafayette, Calif., for an undisclosed price, according to Neil Hines, chief financial officer for Weyerhaeuser's Nursery Group. Hines (no relation to Hines Nurseries) will be joining the new company, which

The sales of these two wholesalers, Hines Nursery and Weyerhaeuser Garden Supply, are part of Weyerhaeuser's 'strategic refocusing.'

has yet to choose a new name, as its cfo.

The company is a wholesaler of lawn and garden products, hardlines, pet supplies and pool products with 15 distribution centers.

All employees and management will be retained at both companies.

The sale of the wholesalers is part of Weyerhaeuser's "strategic refocusing," according to Hines. All that remains of the Nursery Products Group are Shemin Nurseries in Greenwich, Conn., and White Nurseries in Cairo, Ga.

Hines said that while White Nurseries is still for sale, Shemin has been taken off the block.

"We just thought the market wasn't right at the moment," Hines said. "The chemistry wasn't right and there were no good buyers."

He added, however, that Shemin could be put back in play if conditions are right. ♦

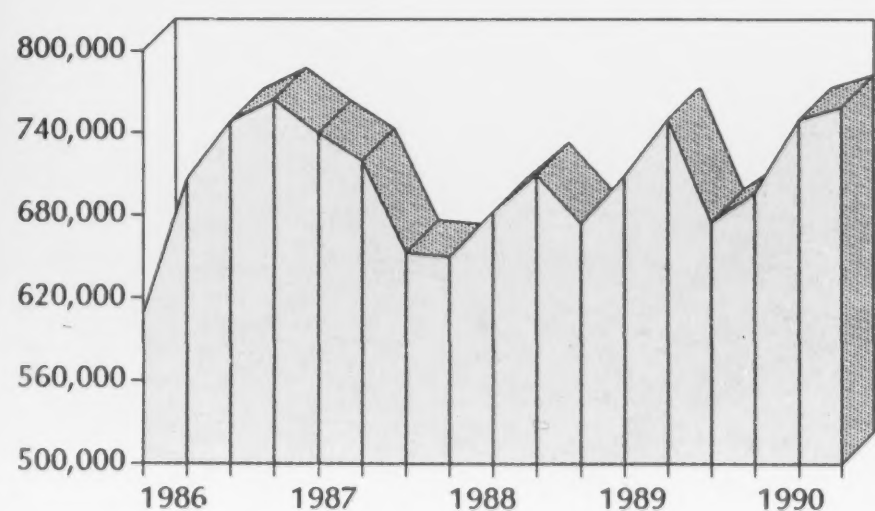
contents

upfront

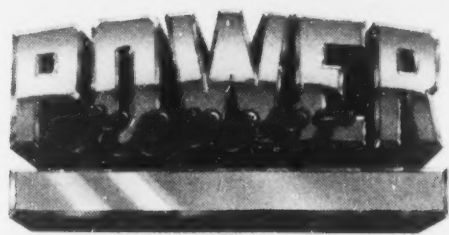
- PPG unveils marketing plans for Olympic and Lucite 3
- Environmental fervor has retailers rethinking their image 3
- Independent: Hancock Lumber fine-tunes its product mix 3
- Court approves ServiStar's bid for Coast 4
- Boston-area Home Quarters set to open in August 4
- Fire-stricken Santa Barbara residents begin to dig out from under the rubble 6
- Hardware Show to feature 3,000 vendors 6
- Editorial/Commentary 12



business watch



- BUSINESS WATCH 63
- Stocks 64



Lawn and garden retail sales rebound in 1989

Sales edge up in hardware stores and home centers

By Tim O'Malley

NATIONAL REPORT — One of the encouraging things about the lawn and garden category, from a sales point of view, is that a depressed season often gives way to a healthy season.

That sort of happened in 1989. Pent up demand from the previous year's droughts in the West and Midwest caused sales to recover by at least 20 percent in those regions last year, according to figures recently released by the Burlington, Vt.-based National Gardening Association. Both areas had suffered double-digit sales declines in 1988.

Fueled by strong regional recoveries, overall retail lawn and garden sales grew by five percent to \$16.3 billion in 1989, according to NGA's annual *National Gardening Survey*. In light of an 11 percent drop in 1988—the first in a decade—this was greeted optimistically by NGA's research director Bruce Butterfield.

"Last year was clearly a rebound," he said. "If not for the poor figures in the South, things would have looked even better."

NGA's survey—conducted by the Gallup Organization, which polled 2,000 consumers in all 50 states during November and December of last year—also revealed that non-specialty stores are becoming more frequent sources for lawn and garden products.

As in 1988, garden centers and nurseries were still shopped by 50 percent of the total 70 million households that participated in lawn and garden activity last year. However, the number of households visiting home centers last year for this merchandise expanded to 15 million from 12 million in 1988. Hardware stores saw even more dramatic gains: 24 million households shopped them for lawn and garden, compared to 19 million in 1988, the most significant jump ever, said Butterfield.

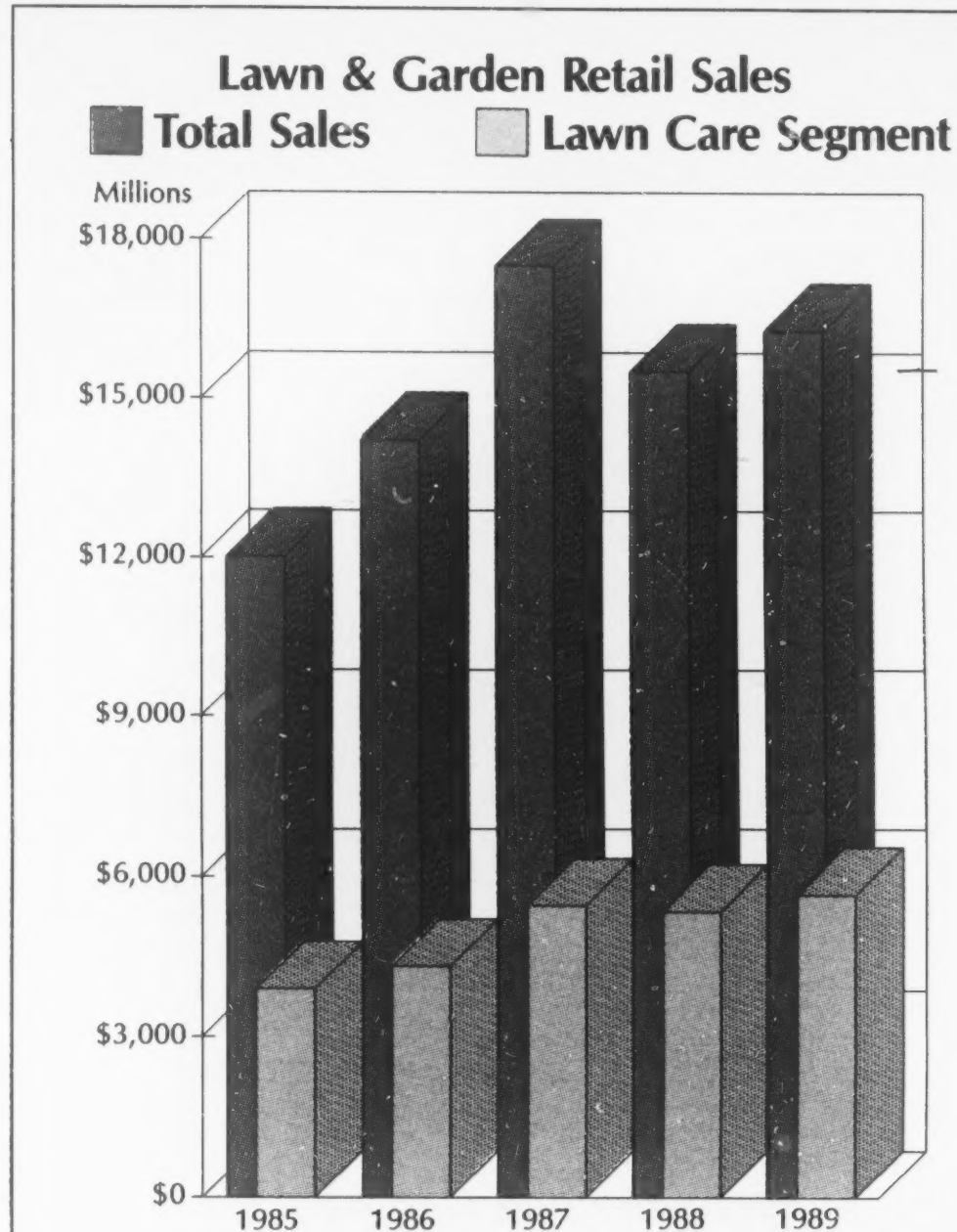
Regional disparities

However, NGA statistics also show that sales in the East rebounded by only five percent from when volume was down 15 percent there in 1988. And in the South, 1989 revenues plunged 18 percent after being off only two percent a year earlier.

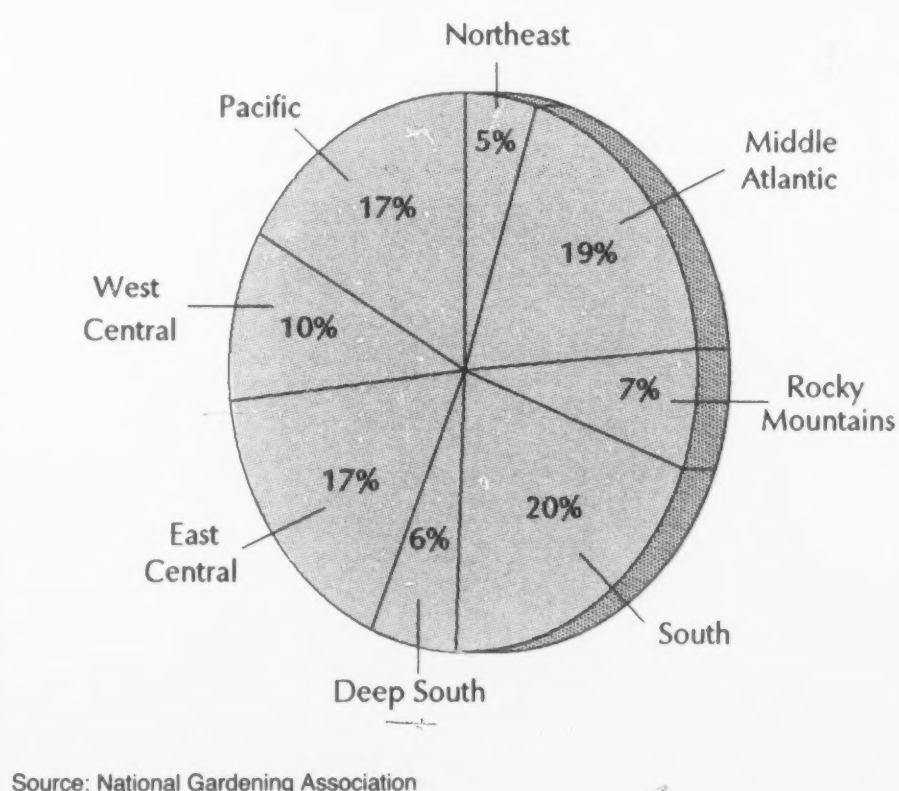
Weather, of course, played a big part in these vast differences. Just as drought plagued the Midwest in 1988, an exceptionally wet spring and summer is blamed for the South's troubles last year. And some believe California's battle with drought over the last few years signals a permanent change in that state's weather pattern.

The East, said Butterfield, "is hard to figure. We expected much better from them."

In 1990, lawn and garden products



Geographic breakdown of 1989 L&G sales



saw early demand in the South, a key market, after a rare January chill killed many plantings. This spring, the region was socked by other natural disasters, including flooding and tornadoes, as were portions of the Midwest. The expectation: some volume will be made up this summer, but year-end sales tallies will surely reflect the disasters.

More competition

Mother Nature, however, can't take full blame. Demand has also been curbed somewhat by a softening new home construction market nationally, and to a lesser degree by fewer discretionary spending dollars for such big-ticket items as lawn mowers and other power equipment.

What this translates into is sparse growth at best for a category whose products—live goods, landscaping items and lawn care goods—expanded

in sales by 37 percent between 1983 and 1989.

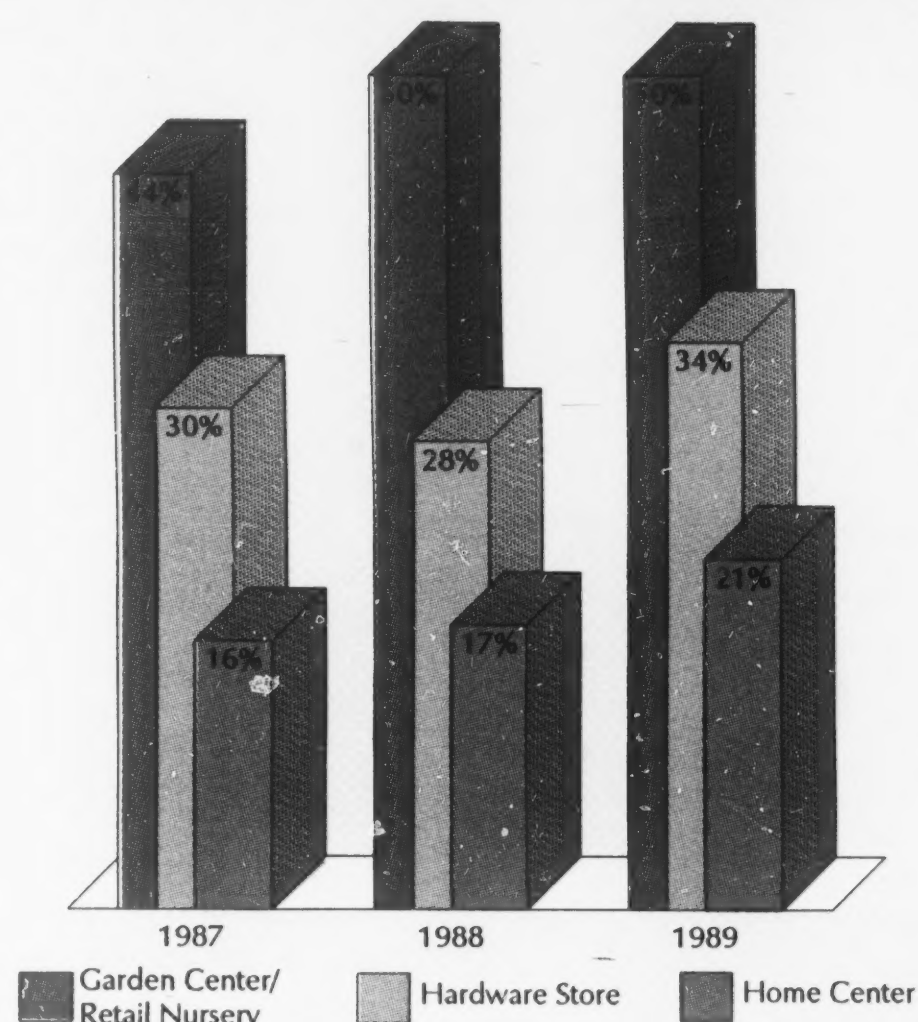
Butterfield noted as well that consumer sophistication and growing competition in the category will also impact future sales for all retailers. It appears that while consumers aren't abandoning garden specialty shops altogether, they are exploring other outlets.

"The spending is cutting more across the board," said Butterfield. "Price and quality are being examined more carefully."

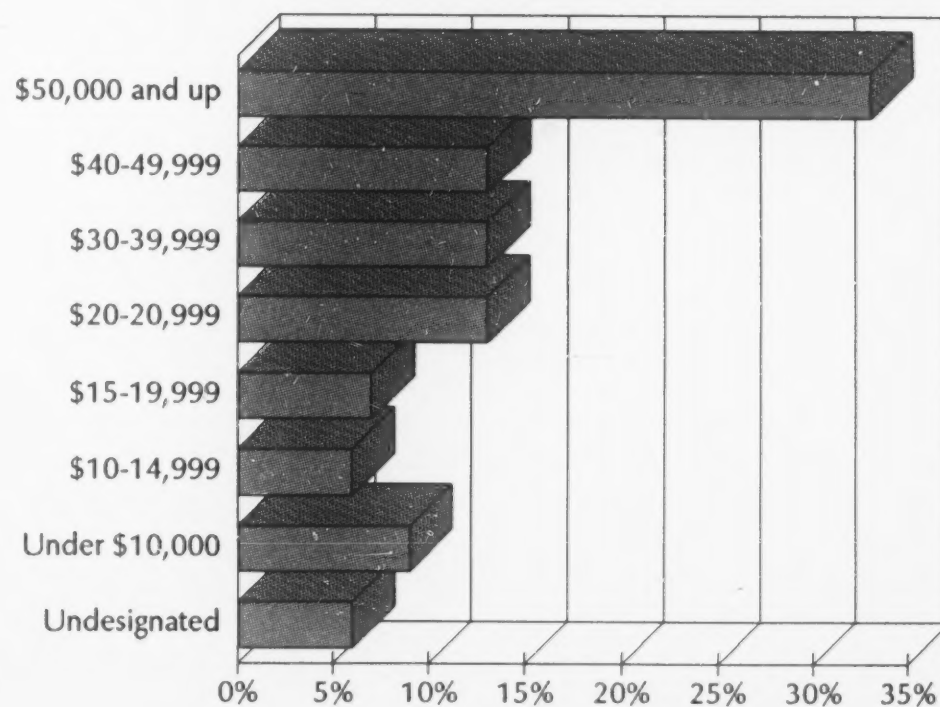
While the survey shows no significant growth for any particular product, demand for two segments within the category—indoor house plants and shrub care—fell significantly enough to merit mention in the report.

The most lawn and garden products purchased last year were by college-educated Midwesterners. They were between the ages of 30 and 49, married

Percent of households which shopped for L&G products at the following outlets



Income Breakdown of 1989 L&G sales



with children, living in the suburbs and had household incomes of better than \$50,000. The average American household spent \$245 on their lawns and gardens last year, up from \$227 in 1988.

The fact that lawn and garden sales appear to be increasingly more at the mercy of weather should not scare retailers away from the category, said Butterfield, noting that there are opportunities regardless of the elements.

For one, he said, retailers may extend the shelf life of bedding plants by transferring them to larger containers. This could preserve an inventory several weeks, hopefully until inclement weather subsides.

And in rainy conditions, retailers should push fertilizers and fungicides on the premise that the wet conditions have washed away nutrients from the soil.

"You've got to hit people where their needs are," he said. ♦



Gas grills put fire back in barbecue market

By John Sinisi

NATIONAL REPORT — Upscale gas grills are becoming popular home center items in a barbecue market that is not as hot as it was in 1989.

Recent statistics released by the Barbecue Industry Association (BIA) put sales of grills for 1989 at some 12.8 million units, slightly off 1988's record-breaking 13.1 million-unit level.

These figures also show that gas barbecue sales are growing steadily, and at a more stable rate than charcoal or electric models.

Retailers in some parts of the U.S. find the BIA numbers reflect their own experience with the category.

"We're having an exceptionally good year [with barbecues]," says Bill Crayton, vp-merchandising services for the Seattle-based Ernst Home & Nursery chain. He notes that his sales ratio of gas to charcoal is 10 to 1 this year.

"We started off with around 75 grills per store and we've reordered several times al-

ready," says the buyer for the 73-unit retailer.

Bradenton, Fla.-based Crowder Brothers Hardware combined a shift to upscale gas grill inventory with some effective merchandising to improve grill sales this year.

The ten-unit chain, an HWI member, stocked mostly charcoal grills until this year, and sales had been so low that L&G buyer Ronnie Crowder used to buy charcoal units one at a time out of HWI's Columbia, S.C., distribution center.

But since then Crowder has stepped up displays of higher-end gas grills, leading with a front-end display of a \$75 Charmglow pedestal grill, and holding cookout demos in the center of the department with the Ducane Model 2002, which retails for about \$500.

More profit

"That display has yielded us some impulse sales," says Crowder, adding that he's ordered some 60 of the Ducanes and is close to selling completely through them.

The good news for retailers is that these upscale gas grills yield higher margins.

"We make more profit dollars off the sale of one Weber Genesis grill than off of four or five less expensive models," says Chuck Wobensmith, vp-sales and marketing for Springfield, R.I.-based independent Douglas Lumber.

This year, Douglas has been enjoying relatively good turns from Ducane's top-of-the-line Southfork model and the Weber Genesis, both in the \$500-\$700 retail range. And with the margins these type of units have been yielding, the store has the incentive to provide pre-assembly and direct delivery, two features that attract customers all the more.

Because the margin on upscale grills is relatively the same as for mid-priced gas models, grill makers like Sunbeam Leisure Products are not displeased with the trend.

"Low-priced grills aren't profitable for anyone, so any shift toward a higher-end line means both manufacturers and retailers are better off, both from a margin and sales dollars standpoint," says vp-marketing Robert Johnson.

Overall sales so-so

Despite the success in some quarters with upscale gas grills, barbecue sales as a whole are bringing mixed results, due mostly to extreme weather conditions in most parts of the country.

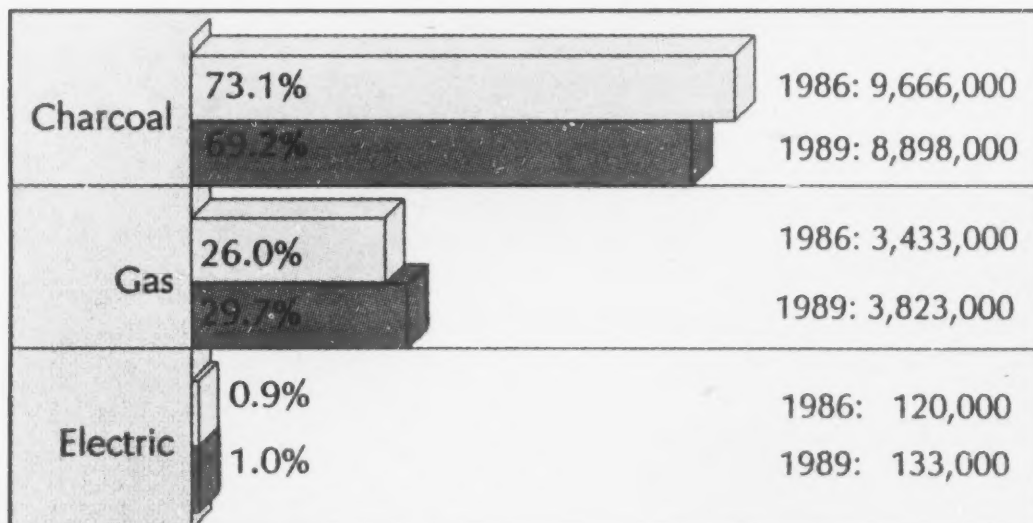
"It's been a tough season in the Northeast and the southern tier of the Midwest because of floods," explains Ace Hardware L&G merchandise manager Jimmy Alexander. "And in the upper Midwest, a late



A gas grill and smoker comprise an endcap display at Builders Emporium in Chino Hills, Calif.

NHCN photo

Sales of Barbecue Grills in Units



Source: Barbecue Industry Association

NHCN Chart

Although charcoal grills are still the leading type of barbecue sold, gas models are increasing steadily in popularity.

British chain employs Gardenstore to manage L&G

By an NHCN staff editor

WELLINGBOROUGH, England — Maintaining a profitable lawn and garden department can be a retailer's nightmare, but British dealer Texas Homecare may have found a solution.

Earlier this year, the 214-unit chain teamed up with a specialty lawn and garden retailer, Gardenstore, to merchandise and service the department. In this way it hopes to capture a bigger piece of Britain's £2 billion gardening market.

The joint venture opened its first center in the Texas store in Abbingdon, England, on April 14 and its second in Glas-

gow, Scotland, June 29.

"The added expertise of Gardenstore's management team, combined with our distribution, can only benefit both parties," said Ron Trenter, deputy chairman and managing director of Texas Homecare, at a retail conference hosted by Verdict Research in London.

"As the industry moves away from being 'Jack of All Trades' to 'Masters of Several,' I believe we will see more partnerships of this kind developing," he said.

The partnership is helped by Gardenstore's understanding of both businesses, as its



two founders and others on its management team are former home center executives.

Space, customers differ

Texas Homecare declined to comment on the venture as it was still in its early stages.

However, 11 more conversions are planned by year-end, and if successful the concept will be rolled out to remaining

units beginning in 1991.

The companies share the costs and profits evenly.

The new partnership will give Texas a chance to address some of the major problems home centers have in running these departments—plant quality, staffing and training.

The 18-unit Gardenstore sees two major challenges in converting the Texas departments to its format. First, it has to work with a space one-tenth the size of its usual outlet. Second, it is selling to a customer whose prime purpose is shopping for DIY items rather than garden products.

"We'll merchandise it more colorfully to attract attention quickly as it is an impulse item," said Malcolm Parkinson, chairman and joint managing director of Gardenstore, based in Southampton, England. (Parkinson was formerly marketing director at B&Q, Britain's largest home center chain.)

Part of the Gardenstore concept, which combines lawn and garden with outside projects, is to sell only name brand products. Texas has therefore removed all its private label products—a major compromise for the chain which generates 50 percent of its volume from its own brand.

East North Central: Building material sales to mend

By Richard Mount
Special to NHCN

The East North Central states' economy, which currently has slipped to about the national average, is posed to enjoy above average gains for the remainder of this year and next. The current political transitions in East Europe will benefit this region more than most as the impending national economic recovery will be export-led. Specifically, the rebuilding of Europe will require an infusion of capital goods and



Richard E. Mount

consumer durables, the strength of the East North Central Region.

In addition, the domestic automobile market has been soft in recent years. But, the average of cars in-use is at an all-time high, and consumers' financial health has improved. Over the last nine months incomes have been growing faster than spending, leading to a rise in pent-up demand. While forecasting auto sales is as difficult as housing starts, it appears that 1991 models will receive a warmer reception than their 1990 counterparts.

For building material sales, the improvements in local economy and consumer incomes will benefit housing and building material retail sales in particular. This year, we expect sales in the East North Central to increase

about 7.2 percent, well above the 5.4 percent national average.

Resales have posted increases over the last three quarters, suggesting gains in building material sales through the end of the year. Resales in the first quarter of 1990 were up 12.3 percent from their recent trough.

While new housing markets are contracting nationwide, the weakness in the East North Central has been mild. In 1989, total residential permits were down only 3.1 percent, while the national average was off 8.1 percent.

Employment gains are slightly below the national average due to weakness in manufacturing, especially autos. As exports, auto production and capital spending increase this year and next, the region will rebound. One po-

tential area of softness will be finance. While the region is enjoying gains in finance above the national average, its banking industry is contracting.

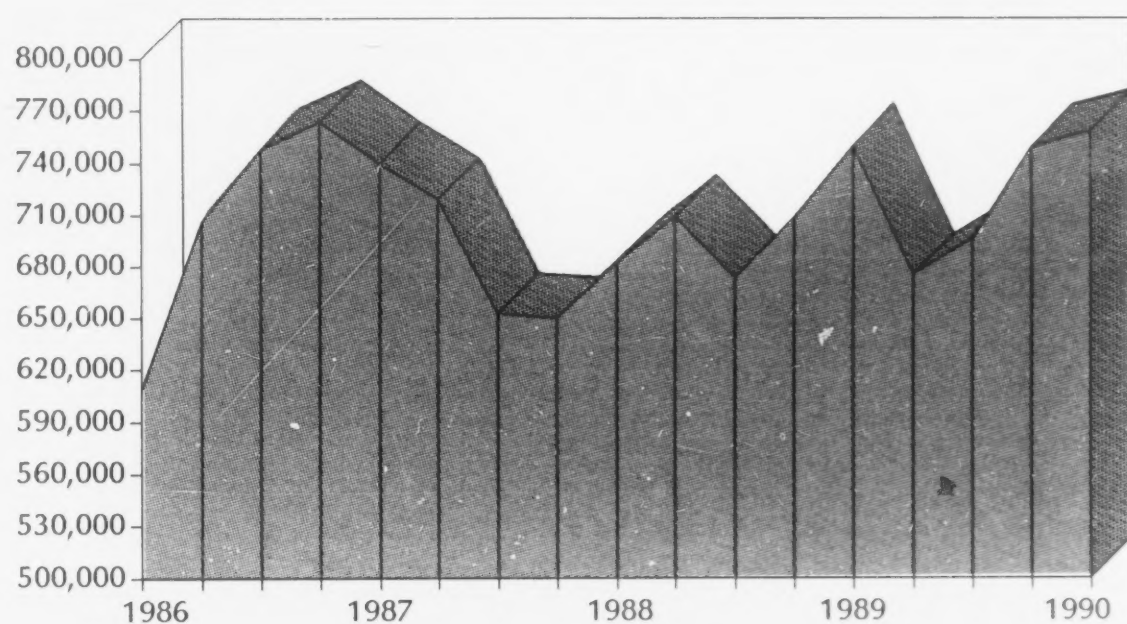
Population and household incomes are rather unique in this region. Most regions show major differences from the national average, but not the East North Central. Both population distribution and household growth rates are below those of many other regions.

The East North Central states will enjoy above average growth in building material sales this year and next. In the near term, strength in resales and below average weakness in new construction will accelerate, boosting incomes in the area.

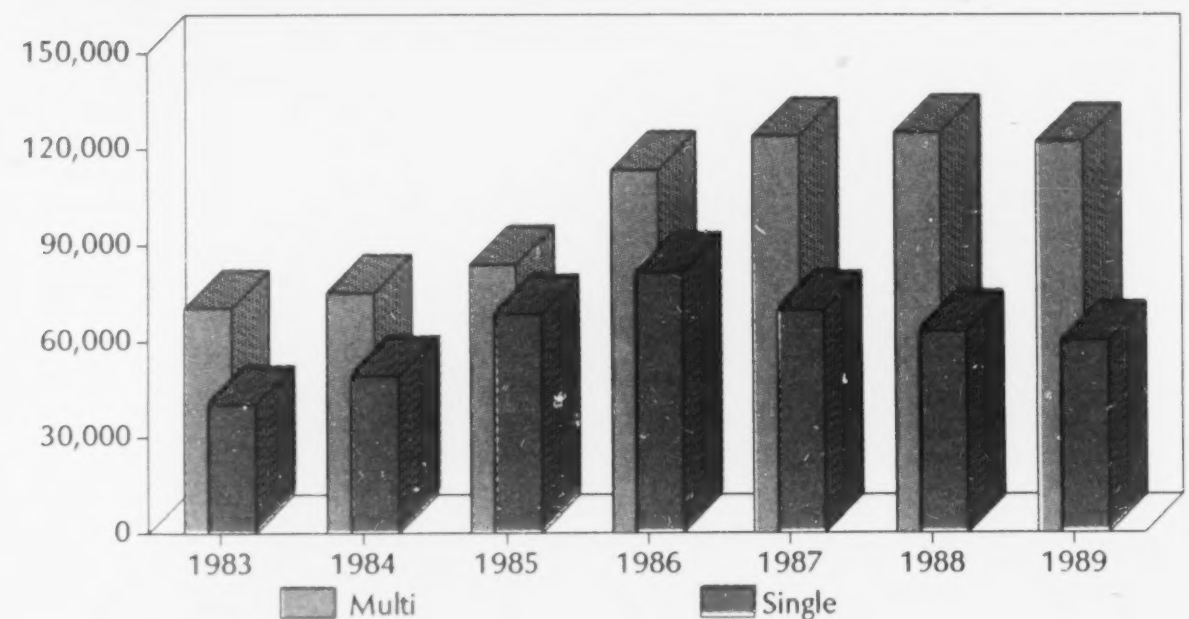
Richard Mount is president and chief economist with Mount Economic Consulting

market momentum

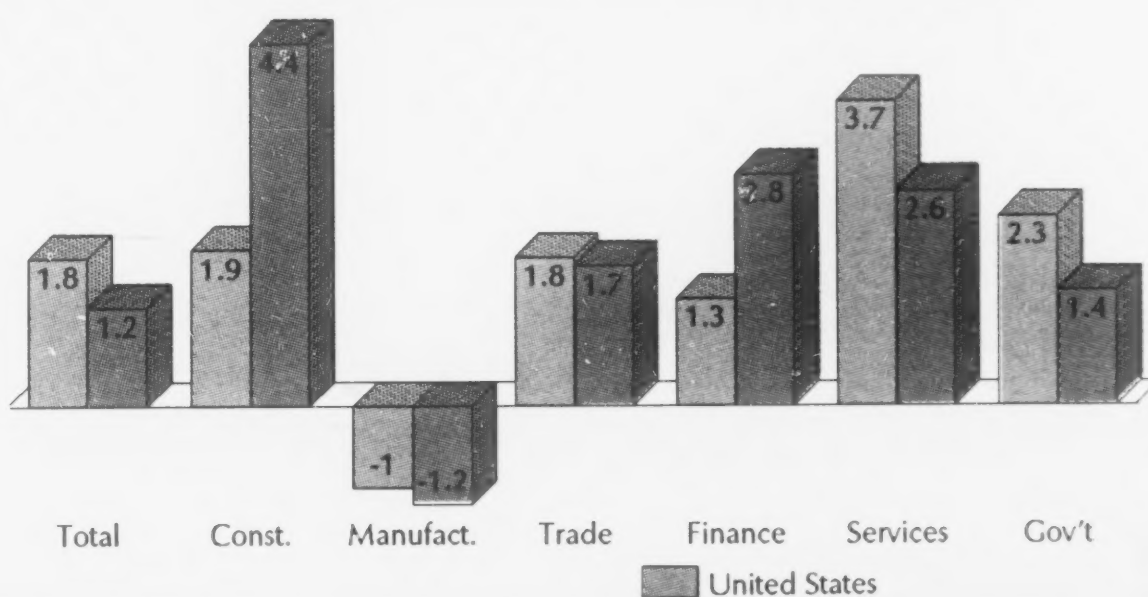
East North Central Resales (SAAR)



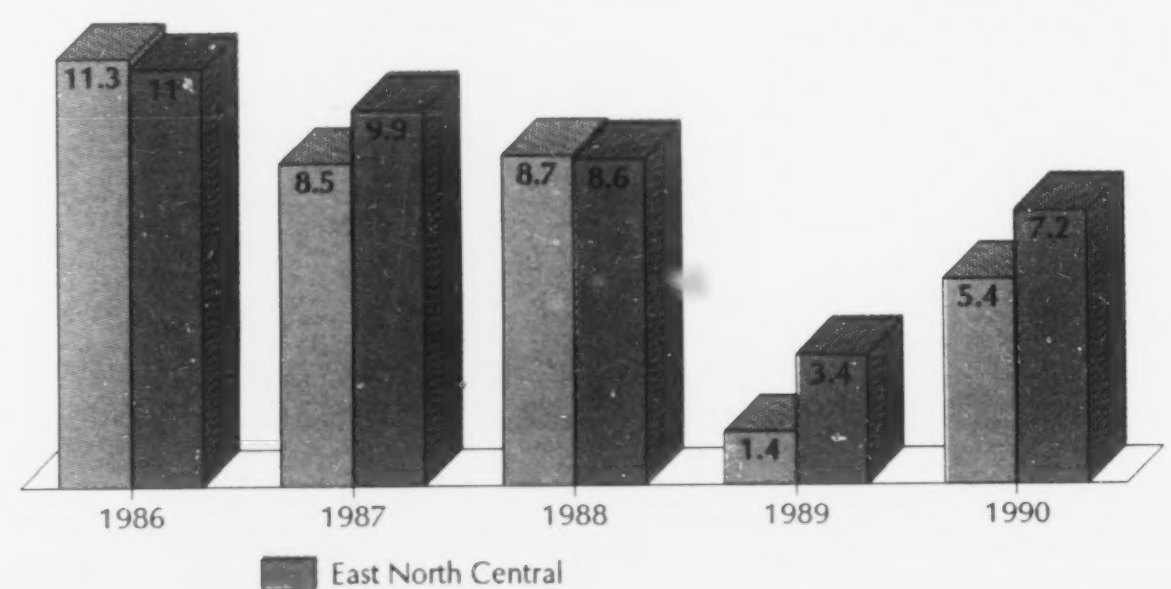
East North Central Residential Permits



Employment Percent Change

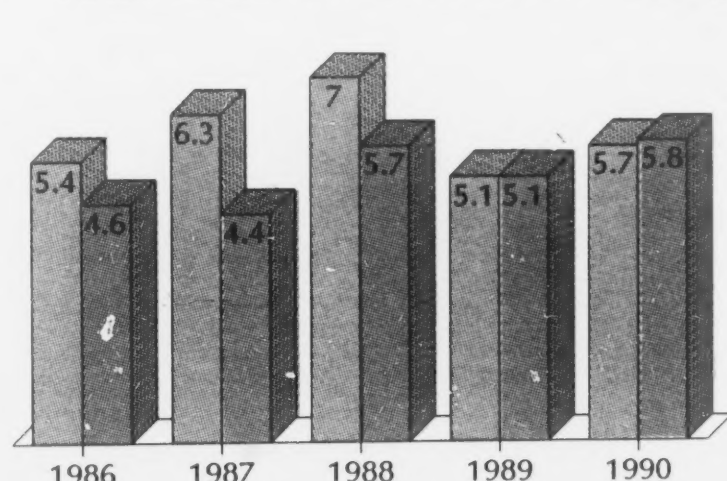


Building Material Sales Percent Change

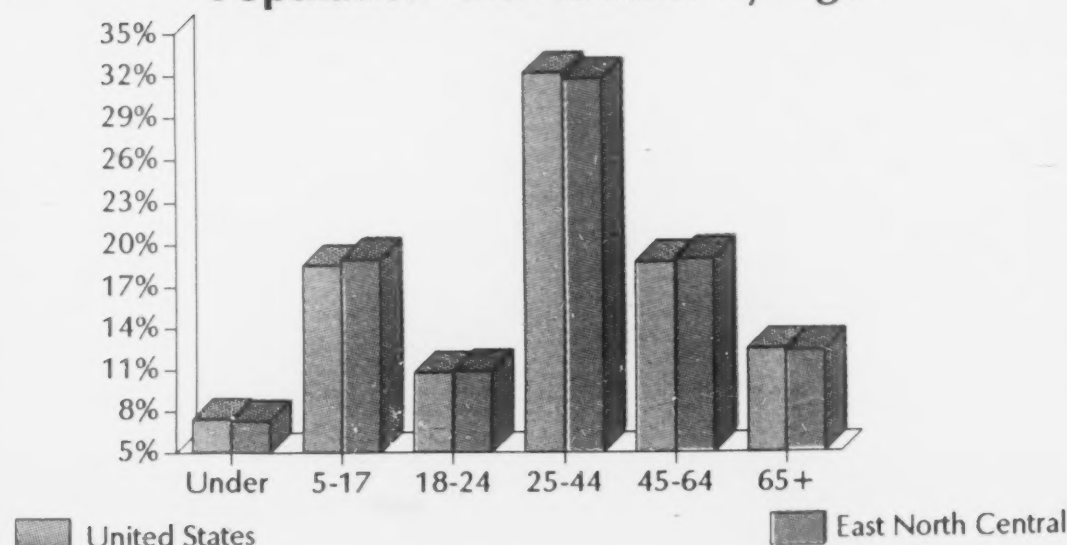


the bigger picture

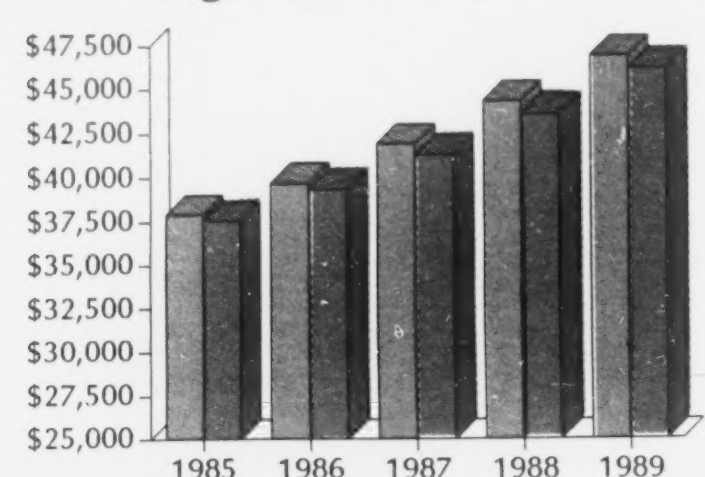
Total Retail Sales Percent Change



Population Distribution by Age



Average Household Income



Moore-Handley sees recovery from slump

BIRMINGHAM, Ala. — Moore-Handley is recovering from a two-year slump, as the wholesaler enjoyed its largest quarterly sales increase and its first profitable quarter in two years.

Home Depot announces fund drive

ATLANTA — To fund its ambitious growth over the next few years, the Home Depot announced last month it will seek to raise \$200 million.

The public offering involves the re-

Moore-Handley posted net income of \$111,000, or 5 cents per share, for the first quarter of 1990 as compared to a loss of \$162,000 for the previous year. Sales as of April were \$29,039,000, up 24 percent.

William Riley, Moore-Handley's chairman, said this was the third successive quarter of improvement.

tailer's 6 percent subordinated notes, which are convertible into common stock at a price of \$48.17 per share. The price reflects Home Depot's recent three-for-two stock split.

First Boston and Invenmed Associates are co-underwriting the offering, and have an option to purchase up to \$30 million in notes to cover over-allotments.

Home centers hit snag on Wall Street

It was a rough two weeks on Wall Street for home improvement-related companies, as many saw their stock prices tumble during the period that ended July 6.

Thirty of the 44 companies tracked for NHCN by Media General experienced a decline. The biggest drop was seen in DeSoto, the paint company that is in the process of selling off its businesses, with the strongest suitor appearing to be Sherwin-Williams Co., whose stock price, coincidentally, rose by 50 cents to close at \$39.13.

One of the winners among manufacturers was Newell Cos., the conglomerate which announced last week that it had purchased VSI Fasteners (see page 6). Newell's stock price jumped by \$2.25 during this period to \$32.88 per share.

On the retail side, Lowe's Cos. took the biggest hit—a \$3.25 per share decline to \$45.13. Indeed, this was a particularly down stretch for all the publicly held dealers, as Hechinger and Home Depot also saw declines.

Gainers
9

Unchanged
5

Losers
30

National Home Center News

HOME CENTER MARKET SUMMARY

		STOCK PRICE						VOLUME				EARNINGS/SHARE						P/E	DIVIDENDS			FINANCIAL POSITION													
		Covering The Period 06/22/90 - 07/06/90														Latest 12 Months vs Preceding 12 Months Change																			
Company (Exchange)	Symbol	High	Low	Close	Change		52-Week		Total Volume This Period	% Shrs. Out-standing	Average Daily Vol. Last 52 Week	Average Daily Vol. This Period	Last Fiscal Year	Amt.	Pct	5-Year Annual Growth Rate	Profit Margin	Latest P/E Ratio	Indicated Dvd. Rate		Last X-Dvd. Date	Last Fiscal Year		Current Ratio	Last Fiscal Year (Per Share)		Last Balance Sheet Date								
					Amt	Pct	High	Low											Revenue	Earnings		Long Term Debt	Common Stock Equity												
		\$	\$	\$	\$	%	\$	\$	(100)	%	(100)	(100)	\$	\$	%	%	%	-	\$	%	-	\$ Mil	\$ Mil	-	\$	\$	-								
Retailers																																			
Gen Bldg Prods (O)	GBLD	1.75	1.25	1.25	.00	.00	3.75	1.25	6	.02	22	1	-.84	-.78	F	NE	NC	-4.0	NE	.00	.0	00-00-00	81.8	-3.3	4.0	5.86	3.17	1189							
Grossman's Inc (O)	GROS	6.25	5.63	6.06	.06	1.04	8.88	3.75	18,359	7.03	1,743	2,040	.67	.17	Q	29.8	NC	1.7	8.2	.00	.0	00-00-00	1052.1	17.6	1.8	3.36	4.48	1289							
Hechinger A (O)	HECHA	13.13	12.25	12.38	-.50	-3.88	19.75	10.75	3,963	1.94	1,041	440	NA	NA	NA	NA	NA	NA	.16	1.3	04-30-90	NA	NA	NA	NA	NA	NA								
Hechinger B (O)	HECHB	12.75	12.00	12.00	-.75	-5.88	19.75	11.00	196	.05	54	22	.88	-.37	Q	-29.1	6	2.5	13.3	.06	.5	04-30-90	1229.6	31.0	2.6	4.63	11.00	0190							
Home Depot (N)	HD	39.59	37.34	39.25	-.59	-1.49	42.03	17.94	39,550	3.44	3,632	4,394	.95	.33	Q	45.8	53	4.1	37.4	.12	.3	07-16-90	2758.5	112.0	1.9	2.63	4.45	0190							
K mart Co (N)	KM	35.88	34.75	35.00	-.38	-1.06	44.88	32.13	29,672	1.49	5,771	3,297	1.61	-2.23	Q	-57.6	3	1.1	21.3	1.72	4.9	05-11-90	2953.0	323.0	1.8	.01	.02	0190							
Lowe's Cos (N)	LOW	49.50	44.00	45.13	-3.25	-6.72	49.63	25.00	13,922	3.74	1,151	1,547	2.01	-.38	Q	20.8	5	2.8	20.4	.52	1.2	07-11-90	2650.5	74.9	2.0	5.12	15.80	0189							
NHD Stores (O)	NHDI	4.06	4.00	4.00	-.06	-1.54	9.25	3.75	148	1.13	32	16	.13	-.61	Q	-81.3	-16	.4	28.6	.00	.0	09-16-86	55.3	2	2.4	4.87	7.39	0190							
Natl Lumber (O)	NTLQ	.50	.44	.44	.00	.00	2.50	.13	358	.63	61	40	-.82	-.58	N	NE	NC	-3.0	NE	.00	.0	00-00-00	152.0	-4.6	1.2	.21	2.86	0189							
Sears, Roebuck (N)	S	36.88	35.88	36.13	-.13	-.34	47.25	34.75	47,229	1.38	6,215	5,248	4.30	1.21	Q	45.3	-1	2.8	9.3	2.00	5.5	05-25-90	53793.9	1508.5	1.8	29.30	39.77	1289							
Std Bld Pnt (N)	SBP	12.75	12.38	12.38	-.13	-1.00	18.00	11.50	764	1.33	107	85	.36	-.53	Q	-100.0	NC	1.2	NE	.00	.0	08-11-87	314.0	3.7	2.8	28.85	6.65	0189							
Strober Organiz (O)	STRB	2.25	2.00	2.00	-.25	-11.11	6.50	2.00	372	.61	47	41	-.21	-.97	Q	-100.0	NC	-1.0	NE	.00	.0	00-00-00	127.7	-1.3	3.4	2.79	4.75	1289							
Wolohan Lumber (O)	WLHN	19.00	17.75	18.00	-.25	-1.37	19.53	14.75	666	1.03	131	74	1.72	-.03	Q	-1.7	34	4.1	10.4	.28	1.6	05-25-90	272.1	11.1	3.3	4.03	9.64	1289							
Wholesalers																																			
Hughes Supply (N)	HUG	15.63	15.13	15.13	-.38	-2.42	21.88	14.50	164	.36	76	18	1.33	-.68	Q	-34.5	3	1.2	11.7	.36	2.4	07-30-90	529.9	6.4	3.0	16.30	18.25	0190							
Manufacturers																																			
Am Consumer (O)	ACPI	7.00	6.75	6.75	-.25	-3.57	9.00	6.38	676	2.64	46	75	.76	.07	Q	9.9	42	2.3	8.7	.00	.0	06-08-88	87.8	2.0	5.1	9.62	6.10	1289							
Am Woodmark (O)	AMWD	6.00	5.38	5.38	-.38	-6.52	13.75	5.38	296	.42	54	33	.09	-.91	F	-91.0	-17	.4	59.7	.00	.0	05-24-88	154.0	.6	2.3	3.65	5.41	0489							
Armstrong Wld (N)	ACK	37.00	34.25	35.38	.00	.00	50.88	31.75	8,561	2.03	1,651	951	3.44	.41	Q	11.8	14	6.6	9.1	1.16	3.3	05-07-90	2512.5	165.9	1.8	4.29	16.72	1289							
Black & Decker (N)	BDC	16.13	15.38	15.63	-.13	-.79	24.88	12.63	18,114	3.06	2,706	2,013	.51	-2.04	Q	-100.0	NC	.9	NE	.40	2.6	06-11-90	3190.3	30.0	1.3	44.64	12.23	0989							
Boise Cascade (N)	BCC	35.50	33.38	34.38	-.88	-2.48	48.00	33.38	12,265	3.23	1,230	1,363	6.19	-1.37	Q	-20.7	36	6.2	6.6	1.52	4.4	06-11-90	4338.0	267.6	1.4	38.34	32.56	1289							
Catalina Lghtg (A)	LTG	10.50	10.00	10.00	-.63	-5.88	14.13	5.75	867	1.69	221	96	.63	.14	S	25.9	NC	4.8	14.7	.00	.0	00-00-00	54.6	2.6	1.8	.24	4.58	0989							
Champ Intl (N)	CHA	30.88	30.13	30.75	.00	.00	37.75	26.25	16,145	1.69	2,917	1,794	4.56	-.87	Q	-17.7	NC	8.4	7.6	1.10	3.6	06-11-90	5163.2	432.4	1.3	21.78	38.60	1289							
Cooper Indus (N)	CBE	43.38	41.13	43.25	.38	.87	47.00	31.25	17,873	1.64	2,238	1,986	2.51	.31	Q	13.7	17	5.2	16.8	1.08	2.5	06-08-90	5129.4	267.8	1.6	16.82	24.75	1289							
DeSoto Inc (N)	DSO	42.13	38.25	38.25	-.38	-8.93	48.38	28.00	2,574	6.33	435	286	-2.53	-2.95	Q	-100.0	NC	-2.5	NE	.40	1.0	06-21-90	408.2	-10.2	1.3	12.30	21.21	1289							
Georgia Pacific (N)	GP	43.63	41.00	43.63	2.38	5.76	62.00	38.88	15,492	1.79	2,550	1,721	7.42	1.56	Q	28.9	45	6.5	6.3	1.60	3.7	05-14-90	10171.0	661.0	2.0	27.00	31.40	1289							
La Pacific (N)	LPX	39.63	36.88	37.63	-1.00	-2.59	45.25	33.75	5,544	1.44	1,067	616	5.04	1.06	Q	27.4	45	9.6	7.6	1.00	2.7	05-15-90	2009.5	192.6	3.6	13.93	30.95	1289							
Macmillan Bloedel (O)	MMBLF	15.63	15.13	15.50	.25	1.64	18.13	13.50	1,614	.16	410	179	1.96	-.85	Q	-34.6	NC	7.5	9.6	.80	5.2	08-20-90	2826.8	213.0	11.7	1.45	10.86	1288							
Manville Co (N)	MVL	7.00	6.50	6.75	-.25	-3.57	10.50	6.13	2,172	.45	497	241	1.48	1.60	Q	NE	NC	9.0	4.8	.00	.0	00-00-00	2191.9	196.8	1.5	16.77	9.87	1289							
Masco Corp (N)	MAS	24.88	24.13	24.13	-.63	-2.53	30.50	23.50	20,803	1.35	3,032	2,311	1.42	-.63	Q	-31.5	7	7.0	17.6	.52	2.2	04-06-90	3150.5	220.9	2.6	7.41	11.94	1289							
Mor-Flo Inds (O)	MORF	5.75	4.75	4.75	-.25	-5.00	6.50	4.25	155	.61	11	17	-3.56	-1.80	Q	NE	NC	-4.2	NE	.01	.2	12-13-89	212.7	-9.0	2.0	16.50	10.05	1289							
Newell Co (N)	NWL	33.00	29.63	32.88	2.25	7.35	33.00	18.25	9,898	1.68	1,128	1,100	1.41	.42	Q	36.2	28	7.6	20.8	.50	1.5	05-15-90	1122.9	85.4	1.6	1.70	7.61	1289							
Nortek Inc (N)	NTK	3.75	3.25	3.25	-.25	-7.14	9.25	2.75	1,090	.78	213	121	-2.08	-2.53	Q	-100.0	NC	-2.6	NE	.10	3.1	06-29-90	1080.2	-28.5	3.0	28.78	15.65	1289							
Owens Corning (N)	OCF	23.63	21.88	22.00	-1.50	-6.38	36.88	20.50	7,540	1.79	1,039	838	4.08	-.82	Q	-16.8	NC	5.7	5.4	.00	.0	00-00-00	3000.0	172.0	1.0	29.76	-10.78	1289							
Ply-Gem (A)	PGL	8.13	7.25	7.38	-.63	-7.81	14.13	7.13	868	.83	177	96	.90	-.77	Q	-58.8	4	2.0	13.7	.12	1.6	05-11-90	506.8	10.1	3.6	13.74	10.26	1289							
Pope & Talbot (N)	POP	25.25	23.63	24.38	-.88	-3.47	29.75	23.00	1,755	1.49	252	195	3.70	1.03	Q	36.7	NC	7.0	6.3	.72	3.0	04-24-90	618.8	43.6	1.9	5.73	16.91	1289							
Pottlatch Co (N)	PCH	42.75	39.13	39.75	-3.00	-7.02	44.50	32.00	3,072	1.07	412	341	4.79	.38	Q	8.7	33	11.1	8.3	1.20	3.0	05-15-90	1227.6	136.7	2.7	15.89	28.74	1289							
PPG Inds (N)	PPG	49.63	45.50	47.63	.00	.00	50.88	37.00	24,270	2.23	1,657	2,697	4.18	-.15	Q	-3.5	16	8.1	11.4	1.68	3.5	05-04-90	5734.1	465.2	1.5	10.82	20.98	1289							
Rep Gypsum (N)	RGC	3.88	3.38	3.88	.38	10.71	5.47	3.38	314	.30	54	35	.23	-.10	N	-43.5	-32	5.0	29.8	.00	.0	05-24-90	48.1	2.4	3.6	.86	3.04	0689							
Sherwin-Wms (N)	SHW	40.25	38.50	39.13	.50	1.29	40.25	29.63	5,339	1.24	881	593	2.52	.24	Q	10.4	11	5.1	15.3	.76	1.9	05-21-90	2123.5	108.9	2.0	2.43	15.48	1289							
Stanley Works (N)	SWK	35.38	33.50	34.25	.38	1.11	40.00	32.00	3,426	.78	633	381	2.71	.19	Q	7.7	9	6.0	12.8	1.08	3.2	06-05-90	1971.5	117.7	2.7	9.68	15.67	1289							
Thos Inds (N)	TII	17.88	16.75	16.75	-.63	-3.60	20.88	16.75	273	.27	67	30	2.02	.13	Q	7.7	6	4.7	9.3	.76	4.5	05-25-90	436.6	20.6	2.4	11.47	13.59	1289							
Union Camp (N)	UCC	36.50	34.88	36.25	.50	1.40	41.38	33.25	11,359	1.65	1,612	1,262	4.35	-.29	Q	-6.5	22	10.8	8.7	1.56	4.3	08-28-90	2761.3	299.4	2.0	10.06	25.49	1289							
USG (N)	USG	4.13	3.50	3.63	-.25	-6.45	5.63	2.88	3,715	.69	985	413	.51	-1.06	Q	-63.9	NC	1.3	6.0	.00	.0	00-00-00	2191.0	28.0	.9	41.75	-26.55	1289							
Waxman Inds (N)	WAX	6.63	6.00	6.13	-.13	-2.00</																													

Environmental concerns impact dealers

(Continued from page 3)
ington to pay off its debt without regard for either the environment or wildlife.

After an initial response that a number of dealers saw as feeble, Plum Creek, which owns more "old growth" timber than other firms in the northwest, made public its extensive rebuttal to the *Journal* article. Nevertheless, the

company was barraged with calls from its customers.

"Retailers were calling to see if it was true," said Robert E. Manne, vp-marketing and vp of the Cascade (Wash.) region of Plum Creek. "They said 'Give us information to alleviate the concerns' of management. We've done that and basically it's calming down," Manne said.

Since the *Journal* article

appeared June 18, Plum Creek has supplied some 500 lumber customers, 150 plywood customers and 120 fiberboard customers with information about what it is doing and why. However, the company's public relations handling of this matter is still being criticized in some quarters, even among those dealers who have received the

latest information.

Plum Creek's timber management techniques, explains Manne, are relatively new, geared toward both the esthetics of harvesting as well as the environment. But new practices, such as more selective cutting and increased environmental and esthetic buffer zones, cost Plum Creek more money that is generally not passed along to dealers.

Plum Creek is a limited partnership spinoff of Bur-

lington Northern railroad. Prior to 1984 the company's 1.4 million acres of trees were used by the railroad for its use with virtually no attention to management, Manne said. Thus, when the timber company took over, it had to bring the land into current timber management compliance.

In contrast, forest products firms such as Weyerhaeuser and G-P began their forest management plans more than 20 years ago, said Manne. ♦

Wickes Lumber sells 32 Southeast units

(Continued from page 1)
stores as well as three Southeastern truss and door plants and two equipment repair facilities.

In May, Wickes closed two regional offices and consolidated some field functions. (NHCN, June 18).

Miron, in a prepared state-

ment released by Wickes, said: "The new company will be a leading building products supplier in the Southeast... We're building a substantial presence in these markets because of the volume of construction currently underway—and forecast—in the Southeast."

Miron's statement said the new, unnamed chain will "concentrate on serving the professional contractor and on attracting commercial and light industrial customers" with millwork, kitchen cabinets, doors, windows and components such as trusses.

The purchase agreement al-

lows the new entity to use the Wickes name for a period of up to six months, Hensler confirmed.

Miron, 51, elaborated during the phone interview that he was introduced to Solomon through the investment firm Smith Barney. He explained he was restricted contractually to divulge any of the terms of the Wickes purchase. "I want to emphasize, however, that this is not a heavily leveraged deal and has excellent equity."

He added that he felt Wickes' managers and em-

ployees were "first rate" and that he didn't anticipate any major changes in the stores' operations. "We will be going more heavily after the builder and remodeler trade, though," he said.

Solomon previously had been vice chairman and head of investment banking at Shearson Lehman Hutton. He left in March 1989, and, according to Miron, has consulted with a number of retail companies. Solomon and his partner, Donald Glickman, will sit on the new company's board of directors. ♦

Index of Companies in This Issue

Ace Hardware	6,30,52
All Seasons Home & Garden	32,54
Allegretti	44
Amatura	4
American Plant Growers	16
American Tool	1
Ames Lawn and Garden Tool	28,44
Big Tin Barn	32
Black & Decker	44
Bradlees	4,9
Brown-Graves	32
Buena Park Lumber	17
Builders Club	74
Builders Emporium	16,28,44,58
Builders Square	58,70
Bulletti Brothers	56
Caldor	9
Capitol Hardware Building Supply	6
Central Garden Supply	2
Central Hardware	4
C.H. Carpenter	74
Champion	32,54
Charmglow	52
Chevron Chemical	54
Clorox	3,9
CoastAmerica	4
Color Spot	16,20
Country Lumber	6
Crowder Brothers Hardware	52
Decatur Hopkins	70
Decorating Den	74
DeSoto	9,64
Dooley's Hardware Mart	56
Douglas Lumber	52
Ducane	52
Dutch Boy	9
Emery-Waterhouse	3,70
ENAP	3
Erb Lumber	44
Ernst	32,52,54
Express Designs	32
Feltus Hardware	3
Fimco	60
Franklin Brass	70
Frank's Nursery	58
Gardenstore	52
General Building Supply	32
General Building Products	6
Georgia-Pacific	72
Golden Rule	3
Great Plains Supply	2
Grosfillex	50
Grossman's	9,48
Hancock Lumber	3,70
Handy Andy	44,48,56

Hank Bros.' True Value	44
Hardware Wholesalers, Inc.	52,70
Harrow's	50
Hechinger	3,4,9,48,64
Henri Studio	58
Hines Nursery	2
Home Depot	3,4,16,32,48,50,54,58,64,74
Home Quarters Warehouse	3,4,9
HomeClub	4,20,30,32,48,54,70
Horolite	44
Hugh M. Woods	17,70
Hunter	32,54
Hyde Tool	1
Innovis	32
Jaeger Lumber	32
Jamesway	4
Jay-K Lumber	58
JD's Home Center	60
Jordan's Building Center	70
Kaiser Aluminum	1
K mart	16,48
Knox Lumber	32,54
Kohler	74
K. P. Kelley Manufacturing Co.	28
Kraftmaid	74
Lampert Yards	3
Leslie-Loke	44
Liberty Distributors	3
Louisiana-Pacific	1,70
Lowe's	3,16,32,54,64
Lucite	3,9
MacLuan Capital	2
Masten Lumber	28
McCulloch	41
Menards	48
Miron Building Products	1
Mitch's Home & Garden Center	60
Moore-Handley	3,64
Mr. Goodbuys	17
National Lumber & Supply	56
Newell Cos.	4,64
Oasis	60
OBI	12
Olympic	3,9
O.M. Scott	54
O'Malley Companies	4
Orchard Supply Hardware	20,60
Orgill Brothers	3
Ortho	48,54
Osmose Wood Preserving	32
Pacific Timber	6
Pay 'N Pak	4,17
Payless Cashways	3,9,48,70
Pella	74
Pergament	32,48,50

Pierson's Building Center	25
Pittsburgh Paint	3,9
Plant Gold	60
Plum Creek Timber	3,72
Poulan/Weed Eater	44
PPG Industries	3,9
Pro Hardware	3
Proctor Ace Hardware	20
Rain Bird	30,32,48,54
Rain Jet	32,54
Rain Master	32,54
Raindrip	30
Rickel	4,9
Road View Nurseries	16
Robertson Companies	2
Rollier's	17
Rubbermaid	50
Santa Barbara Home Improvement	6,30,60
Scherer Brothers Lumber	74
Scott's	30,32,54
Servistar	4
Shaw	74
Sherwin Nurseries	2
Sherwin-Williams	9,64
Shultz	70
Simon Stores	16,17
Somerville Lumber	9
South States	41
Stambaugh-Thompson	28
Stewart Building Materials	74
Stewart Lumber	74
Sunbeam Leisure Products	50,52
Sutherland Victoria Lumber	60
Texas Homecare	52
Textron	41
Thompson & Formby	3
Toro	32,54,56
Travis Home Center	52
True Temper	28,44,48
True Value	16,48
Trustworthy	3
Union Tools	44
Valspar	9
VSI Fasteners	4,64
Weathershade Corp.	60
Weber	52
Weyerhaeuser	2,32,72
Weyerhaeuser Garden Supply	2
Wheeler	56
White Metal	44
White Nurseries	2
Wickes Cos.	1
Wickes Lumber	1,72
Woodstock Wire Works	20
Yardbirds	16,20

Advertisers Index

American Tool	14, 14
Amerock	55
Andersen Corp.	42, 43, 50
Arax	61, 45
Argee Corp.	20, 18
Bemis Mfg.	23, 21
CertainTeed	46, 47, 35
City of Hope	44, 33
Contech Brands	75, 53
Cooper Tools	31
Credo	33, 29
Custom Building Products	34, 35, 30
Dutch Boy	45, 34
Fluidmaster	51, 40
Genova	76, 54
Glidden	50, 39
Grisham Corp.	62, 46
Gusdorf	49, 36
Hunter Co.	24, 22
ICL	73, 31

Keystone Franklin	66, 48
Knauf Fiber Glass	30, 27
Lane Publications	72, 51
Larson Mfg.	9, 9
Macco	50, 38
Mantle	73, 52
Manville	10, 11, 12
Mastercraft	24A,B, 12
McCulloch	29, 25
Miami Carey	65, 47
Murray Mowers	57, 43
MW Manufacturing	53, 41
National Mfg.	6, 5
National Mfg.	30, 28
National Store Fixtures	6, 4
Noma Outdoor Products	18, 19, 15
Owens-Corning	28, 27, 23
Pak-Mix	6, 6
Panasonic	9, 11
Peerless Faucet	59, 44
Pooltime Products	21, 20
Price Pfister	7, 7

Quikrete	71, 49
Roussel Bio Corp.	30, 27
Simpson Strong-Tie	9, 10
Stanley Hardware	37-40, 32
States Industries	50, 37
Titon Industries	20, 17
U.S. Gypsum	8, 8
WD-40	13, 13
W.R. Bonsai*	32A,B, 1
W.W. Henry	20, 19
Werner Mfg.	54, 42
Waxman	5, 3
Wayne Home Equipment	28, 24
White Metal/Leslie Lock	20, 16

*Asterisk indicates regional ad.

This index has been compiled for the convenience of our advertisers and readers. While every precaution is taken to prevent mistakes, the publishers cannot be held responsible for errors or omissions.

Project Ideas & Know How

The best way to increase your product sales!

When you increase the D-I-Y competence and confidence level of your customers, you increase their capacity and willingness to buy your store's products.

Teaching how-to skills and providing project ideas is our only business and has been for more than 50 years. Expertise you can rely on... and profit from.

Sunset is not only the best how-to information source available, it is the most profitable! Sunset inventory turns 5 to 6 times per year, for a GMROI of 3.0 or better.

Bring D-I-Y know-how and projects to your customers and you'll sell more tools and materials... guaranteed!

We offer IN-STORE SERVICE, FREE DISPLAYS, and CO-OP ADVERTISING.

Call us today at: (800) 227-7346.

In California: (800) 321-0372.

Sunset

BOOKS & VIDEO

© Lane Publishing Co.

Circle (051) on Reader Service Card

National Home Center News

25150-6
National Hardware Show
special issue
SECOND CLASS

Vol. 16, No. 15

\$3 a copy

The Journal of News & Trends for Home Improvement Retailers, Co-ops & Wholesalers. Published by Lebhar-Friedman Inc.

August 6, 1990

perspectives

Profiles:

Peterson, Ace	37
Halpin, HomeClub	40
Fesler, Lampert Yards	40
Barton, General Hardware	48
Underwood, Goodbuys	56

Wholesalers:

Pro Hardware	80
Sherwood Lumber	82

Systems & Operations:

Home centers bolster employee training programs	90
---	----



New Channel president talks about the future 222

buying & selling

Merchandising:

Window treatments	99
Batteries	99
Multi-use tools	103

Systems & Operations:

UL vital for suppliers	139
------------------------	-----

Ad & Marketing:

Radio show answers remodeling questions	144
Syndicated TV show attracts DIYers	146

Stores:

New prototypes	119, 124
----------------	----------

NEW PRODUCTS

	166-186
--	---------

business watch

Economic outlook	205
------------------	-----

Rickel abandons HoM, names new president

Chairman out; Chain returns to roots

By Tim O'Malley

SOUTH PLAINFIELD, N.J. — In another apparent strategic shift for Rickel, chairman and ceo Moshe Meidar, who developed the HoM concept unveiled this spring, was replaced last month by a 25-year veteran of Rickel's parent company.

The parent, Supermarkets General Corp., also terminat-

ed as many as 20 workers at the corporate office here, including buyers and their assistants, and merchandise managers Bob Segal and Bob Leavitt, who were hired last fall to work on HoM.

And while the company denies it, reliable sources say Rickel plans to close 20 of its 50 stores, which would be in

addition to the eight store closings previously planned for this year, four of which have already taken place.

Jules Borshadel, who most recently served as vp-planning and administration for the Pathmark Supermarket division, was appointed Rickel president shortly after. (Continued on page 218)



New Rickel president
Jules Borshadel

Photo courtesy Rickel

Retailers confident despite economy

By John Sinisi

NATIONAL REPORT—Signs of a slowing economy are everywhere, and home improvement retailers expect to see more of the same into 1991.

But they have yet to push the panic button. They do not regard the coming year as a disaster waiting to happen, because of the lessons they learned during the nationwide recession of the early 1980s.

That crisis taught them to reduce operating costs through more efficient distribution and to concentrate more on DIY retailing to balance against the cyc-

Total retail sales and building material sales continue to grow and, today, home centers are more prepared and productive to handle a downturn.

clality of the housing market. Regardless of whether the U.S. is headed for another classic recession, those solutions are bound to be tested in the months to come.

Economists are being cautious in making any general claims about the

current economy, but when pressed, they will use the phrase "sluggish growth," and regard the situation in California (see story, p. 14) as the median.

Still, recent economic reports allude to the U.S. as being "near recession."

- The NAHB says that housing starts as of June reflect the lowest rate of new construction in the past eight years;

- Reports from economists speculate that five states are in a recession, with eleven teetering close to the edge; (Continued on page 216)

Products display 'environment O.K.'

By Elizabeth Brent

NATIONAL REPORT—"Seals of Approval" declaring products to be environmentally sound will appear on retail shelves this month for the first time.

These elite products will be carried by Fred Meyer, the 125-store Northwest chain. The merchandise will be stamped with a green cross and a brief explanation as to why it is environmentally sound.

The mass retailer, together with three food retailers, is pioneering a movement to establish national standards using an independent organization, the Green Cross Certification Co., which is a division of a scientific testing laboratory based in Oakland, Calif.

This experiment is already being watched closely by hardware stores and home centers and their vendors.



At present this initiative is dealer-driven, as merchants move to stay in front of the swell of consumer environmental awareness.

To qualify for the green cross, a manufacturer must meet these criteria:

- Demonstrate that both the product and the package are made from at least 50 percent sustainable or recycled materials;
- Have an aggressive solid-waste reduction policy, and
- Meet the no-detectable-residue standard for highly toxic emissions and effluents.

"It's more of a positive rather than a regulatory approach," said Rob Boley, spokesman for Fred Meyer.

"We want to provide our customers with information and alternatives and will give extra rec- (Continued on page 216)

Battery suppliers working on environmental concerns; dealers focus on positioning

By Elizabeth Brent

NATIONAL REPORT — Environmentalists are encouraging battery suppliers to reduce their products' mercury content, and to switch to biodegradable packaging.

But most dealers are still concerned primarily with how advertising, store positioning and the new bulk packaging can help drive battery sales.

Pergament Home Centers now displays batteries at the checkout. They can also be found in the electrical departments displayed in 9-foot to 24-foot runs, depending on the store size.

West Building Materials' store in Charleston, S.C., was able to capitalize on battery sales following Hurricane Hugo by placing Rayovac's stand-alone cube display in a main power aisle, merchandising batteries together with flashlights.

This store, one of West's 57,

also stocks a fuller line of batteries from Energizer, Duracell and Rayovac at the front, close to the checkout.

Dealers are always experimenting with different name brands and selections to test sales, and more importantly profitability. But most conclude the battery category is still mostly bought by consumers on impulse.

Brand confusion?

"There is brand awareness because of the ad dollars spent by Eveready and Duracell on recent campaigns," said Bill Hamilton, electricals buyer at Ace Hardware, the wholesale co-op. "But what we're seeing is confusion between the two brand names."

Hamilton is referring to Eveready's Pink Bunny TV ad campaign which promotes the Energizer battery. Gary Baker, vp-trade development at

(Continued on page 101)

PRODUCTS '90

New tilt wand adds sophisticated look to Bali mini blinds

Carey-McFall Corp. of Montgomery, Pa., has added a new wand feature on its Bali® Classics mini blinds.

The new ColorTwist wand is a clear tilt wand with a matching color insert. It lends a more sophisticated look and more color to the traditional mini blind. It is available in

many colors designed to match Bali's tassels, end caps and other blind components.

For more information, write to Carey-McFall Corp., P.O. Box 500, Route 405, Montgomery, Pa. 17752-0500; call (717) 547-6671; or circle number 244 on the reader service card.



More fabric choices are now available for solarium shades

Two new fabrics have been added to the shading systems manufactured by Thermal Designs, Boulder, Colo., for solariums built by SSI/Sunshine Rooms, Wichita, Kan.

Shadetex and Sheerweave 2000 join the fabric choices already offered for Sunshine Room solariums' Comfort Glide shading system, which features an exclusive internal track.

All of the shades allow the solarium owner to control privacy, degree of transparency, heat reflectivity and heat retention.

For more information, write to SSI/Sunshine Rooms, 3333 N. Mead, Wichita, Kan. 67219; call (316) 838-0033; or circle number 245 on the reader service card.



Window treatment manufacturers are enhancing their products with new materials, colors and slat designs, and offering extensive merchandising assistance to retailers.

NHCN photo

Window treatments' enigma: Commodity and high fashion

By Tom Neven

NATIONAL REPORT — Home center merchandisers may be feeling increasingly schizophrenic when it comes to window treatments.

It is a category that many consumers treat as a commodity, particularly for drapery hardware and low-end blinds, and a home center retailer ignores this reality at his peril. Yet by its very nature, the category also cries out to be a high-fashion, high-margin department.

To compound matters, home centers are beset by specialty retailers at both ends of the price/quality spectrum, from cut-'em-fast blinds specialists to high-end interior designers.

To the rescue come the manufacturers, who are enhancing the product with new materials, colors and slat designs and offering extensive merchandising assistance.

"Everyone is doing something to distinguish themselves," said Jim Sutter, general merchandise manager at Handy Andy, which stocks products by Totowa, N.J.-based Jencraft. "They're taking the product and making it more exciting."

Newell Window Furnishings, the Freeport, Ill., supplier, is expanding its "Spectrum" program to allow retailers to custom cut blinds on the premises.

First rolled out in selected Builders Square units early this year (NHCN, Feb. 19) and in place at some Handy Andy and Home Depot stores, the program has been such a success that the company will introduce it officially at this year's Hardware Show, according to Tim Riddle, Newell's merchandise manager for window treatments.

Newell will provide the equipment and training, and will service the stores carrying the Spectrum program, Riddle said. But, he added, the program is not for everyone. "We've been selective and will continue to be selective," he said, explaining that some stores cannot generate the volume in the category to justify the system.

Newell might offer the program on a lease basis, however, for retailers to test the waters. The lease protects Newell's investment for the duration of the test, Riddle said.

(Continued on page 102)

Battery dealers focus on ads, positioning, bulk packs

(Continued from page 99)

Eveready, though, insists the "drum-thumping Bunny" has increased its sales, and a new Bunny campaign that begins this fall is projected to be seen by 4.5 million people, 50 percent more than those who were exposed to last year's schedule.

Overall, battery sales in all retail outlets totaled \$2.8 billion in 1989, and have increased 9 percent annually

over the last five years, according to research conducted by A.C. Nielsen and National Family Opinion for Rayovac.

However, the home improvement industry's market share has remained at only between 5 percent and 6 percent.

Multipacks expand

In response to pressure for shelf space and heavier use by consumers, suppliers are now packing several batteries to-

gether. In this way dealers can stock up to one-third more product in the same space.

Rayovac offers its "Smart Pack;" Panasonic, its "Battery box;" Duracell has a multipack; and this June Eveready launched a new shrink-wrapped "Space Pack" and "Family Pack."

"More and more devices require six or even eight batteries," said Jim Donahue, Duracell's director of communications, to explain the reasons for increasing the battery count per package.

Research conducted by A.C. Nielsen for the Bethel, Conn.-based supplier showed that the entire multipack category, regardless of brand, grew by more than 121 percent during a 12-month period ended April 1989.

At Ace, however, Hamilton found the bulk packs thus far have sold better than the standard two-pack only at Christmas, in conjunction with the peak sales period for toys.

Some dealers said that consumers are still wary about storing batteries and are concerned about their life span.

In response, Duracell's new "copper-top tester," packed inside the blister packing with alkaline batteries, offers consumers the chance to test their existing batteries to see if they are running low.

Environmental concerns

With the increasing pressure on suppliers to bring out environmentally friendly products, the leading supplies are working to reduce the mercury levels in batteries.

Power Plus of America, the Lawrenceville, Ga., manufacturer, has seized the environmental angle to market its products, and stresses that its Powerplus super heavy duty battery is 100 percent mercury-free.

However, reductions of mercury in alkaline batteries are more problematical, as the mercury is an essential ingre-

dient in controlling the gas-sing of other substances and fundamental to the life of the battery, according to John S. Daggett, public relations manager at Rayovac.

The push to limit mercury levels is also coming from the European community, which asked manufacturers to comply with a mercury limit of 0.025 percent by Jan. 1, 1993.

The movement is gaining ground in the United States. The Minnesota state legislature recently passed a proposal to restrict the sale and distribution of household batteries with more than 0.025 percent mercury content after Feb. 1, 1992.

To date, it is the mass merchandisers who have shown the most concern, and have featured environmentally friendly products in their ads and devoted different sections of their stores to the products. Suppliers expect this trend to penetrate the home center industry in the future. ♦

Battery recycling draws overwhelming response

By an NHCN staff editor

TROY, Mich. — When a battery for a car or boat goes dead, most responsible homeowners find disposal difficult and wind up sticking the battery someplace in their garage.

Now they can go to K mart.

This summer the nation's second-largest retailer, many of whose stores have auto centers, kicked off a battery recycling program as part of its effort to help improve the environment.

The discounter is working with Exide Corp., touted as the world's oldest and largest battery maker, and the only integrated producer in the United States.

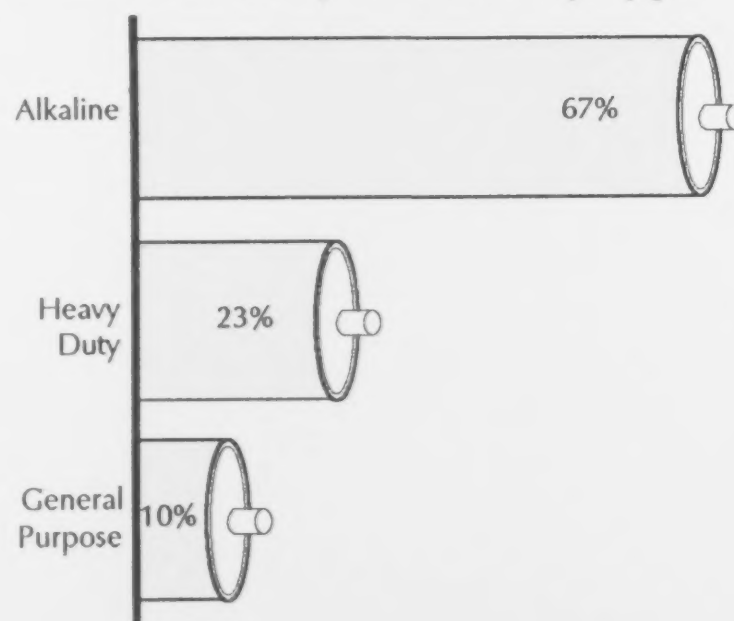
Exide has agreed to pick up dead batteries brought by consumers to K mart's stores. The manufacturer will recycle the lead and plastic from the discarded batteries to make new battery products.

Disposal of batteries for cars and outdoor power equipment can be environmentally dangerous, as they contain lead and sulfuric acid, the inadvertent combination of which produces hydrogen gas that is highly explosive.

K mart began this program on June 4, and during each of the following four weeks its stores took in a total of 25,000 dead batteries. The company believes the program has the potential to recycle 1 million batteries over the next year.

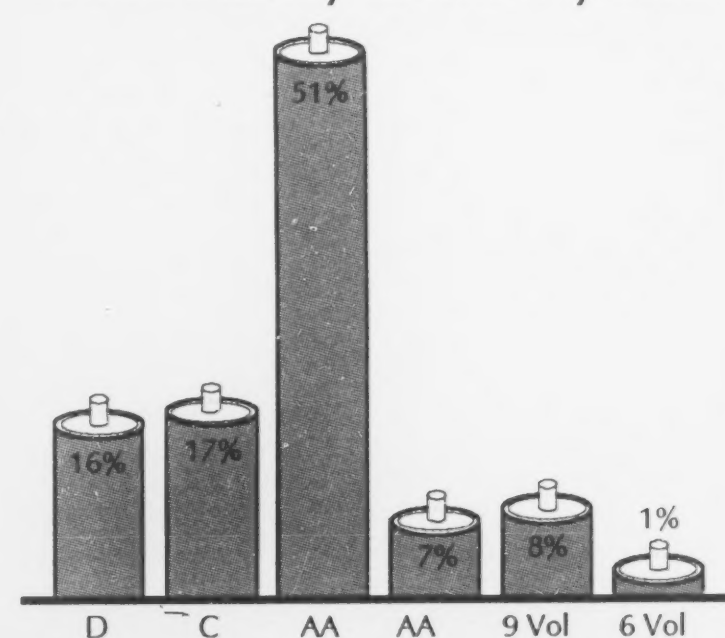
"The overwhelming consumer response to this program proves consumers want information about how they can work towards a healthier environment," said K mart's chairman, Joseph Antonini, in a prepared statement. ♦

1989 Battery market by type



Source: National Family Opinion Consumer Purchase Diary, sponsored by Rayovac

1989 Battery market by size



Source: A.C. Nielsen and NFO Consumer Purchase Diary

Only one brand of packaged concrete gives you thirty-six ways to make a profit. QUIKRETE®. But besides having the industry's largest product line, we also offer solid sales support. Everything from product displays and sales training literature, to a national advertising program and how-to-books for consumers. To find out how we can help you build more profits, just call 404-634-9100, or write to: The QUIKRETE® Companies, 1790 Century Circle, N.E., Atlanta, Georgia 30345. Then let us expand on how you can make more money.

QUIKRETE®

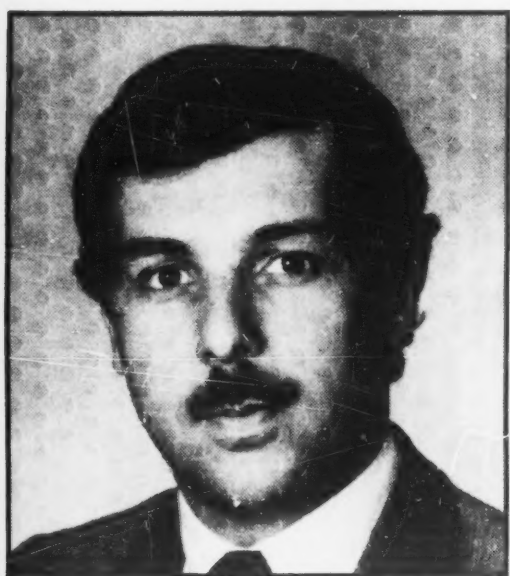


Chains using training to gain competitive edge

By Jay Scansaroli

Mr. or Ms. Do-It-Yourselfer enters your home center planning to install a new upstairs toilet. A salesperson sells the commode and a few add-on gadgets but fails to mention one important item—the sealer ring. Chances are, this DIYer won't be coming back to your store for the spackle and paint he or she will need to fix the living room ceiling.

To sharpen their competitive edge in the 1990s, home centers are increasingly try-



Jay Scansaroli

ing to upgrade customer service levels. To realize this often-illusory goal, many companies are spending more time, money and energy on store-level employee training programs.

A dramatic industry example is HomeClub. The Fullerton, Calif.-based company, with sales recently hitting the \$1 billion mark, has built its seven-year history upon the warehouse concept, one that typically places little value on customer service. However, as competition from more service-intensive chains—like Home Depot—mounts, the company is beginning to amend some of its original premises—mainly the self-service notion.

Recent self-assessment, based on employee opinion and consumer focus groups, revealed it was very difficult for the selling staff to “smile, nod and approach” customers without better product knowledge, reports Sandy Putnam, manager, human resources development for the 60-unit chain. The result: HomeClub now has an extensive product-knowledge training program, now entering its second year. Courses encompass projects and materials from every department in the store. “Salespeople are expected to understand a whole project,” she explains, noting some 1,800 sales associates have already

participated. While initially only full-time employees were involved, courses are now available to part-timers.

The 75 classroom hours—plus homework assignments, which can run twice as long as the class—are mandatory for all full-time store-level employees, explains Putnam. Classes range from ten to fifteen “students.” In addition, manuals have been developed covering topics from cashier and receiving training, to kitchen cabinet, plumbing and electrical projects. The main goal: “To standardize information chain-wide,” she underscores.

For HomeClub warehouse or store managers, training is even more comprehensive, including 150 hours of classroom time: the curriculum incorporates technical as well as more management-oriented skills. In fact, the chain's own HomeClub University—complete with a catalog of courses—will make its debut in certain markets this fall. By year's end it will open to all employees.

Estimating the first-year cost of the program at approximately \$3 million, Putnam states, “This is simply something that we have to do in order to survive and compete in the industry.”

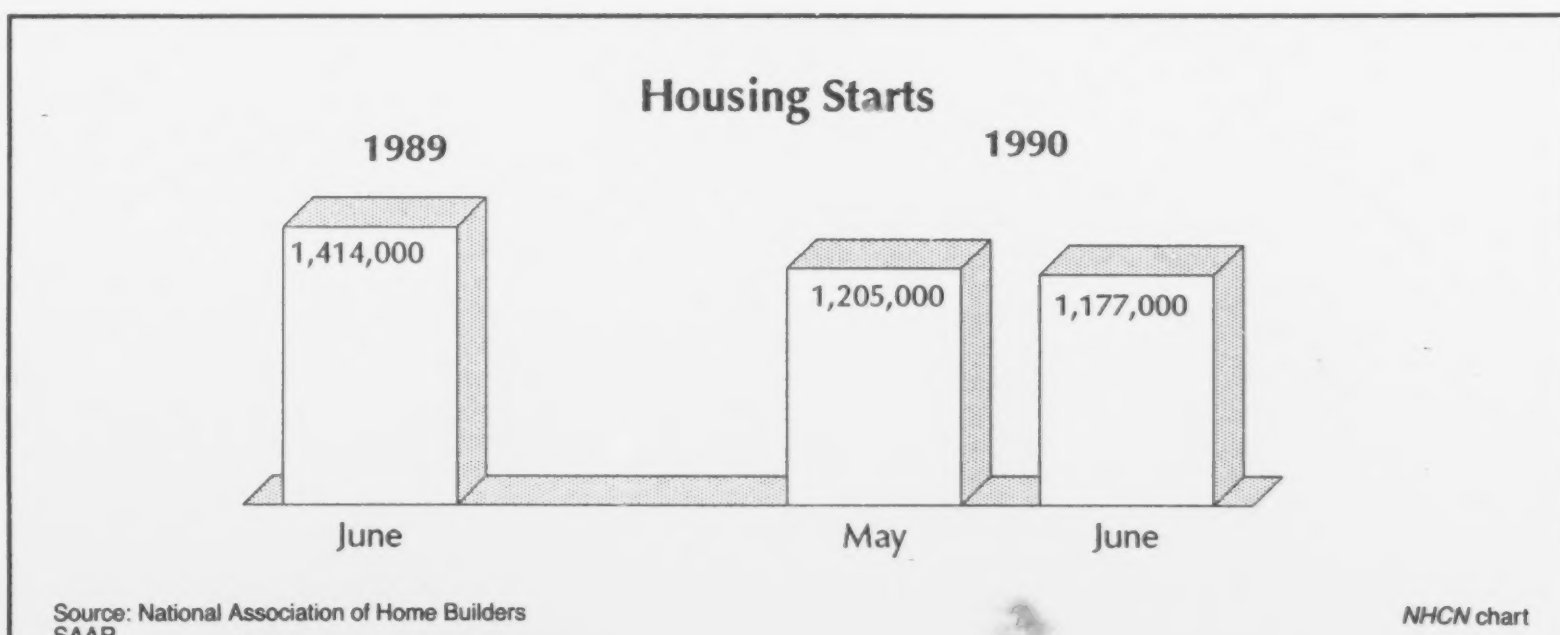
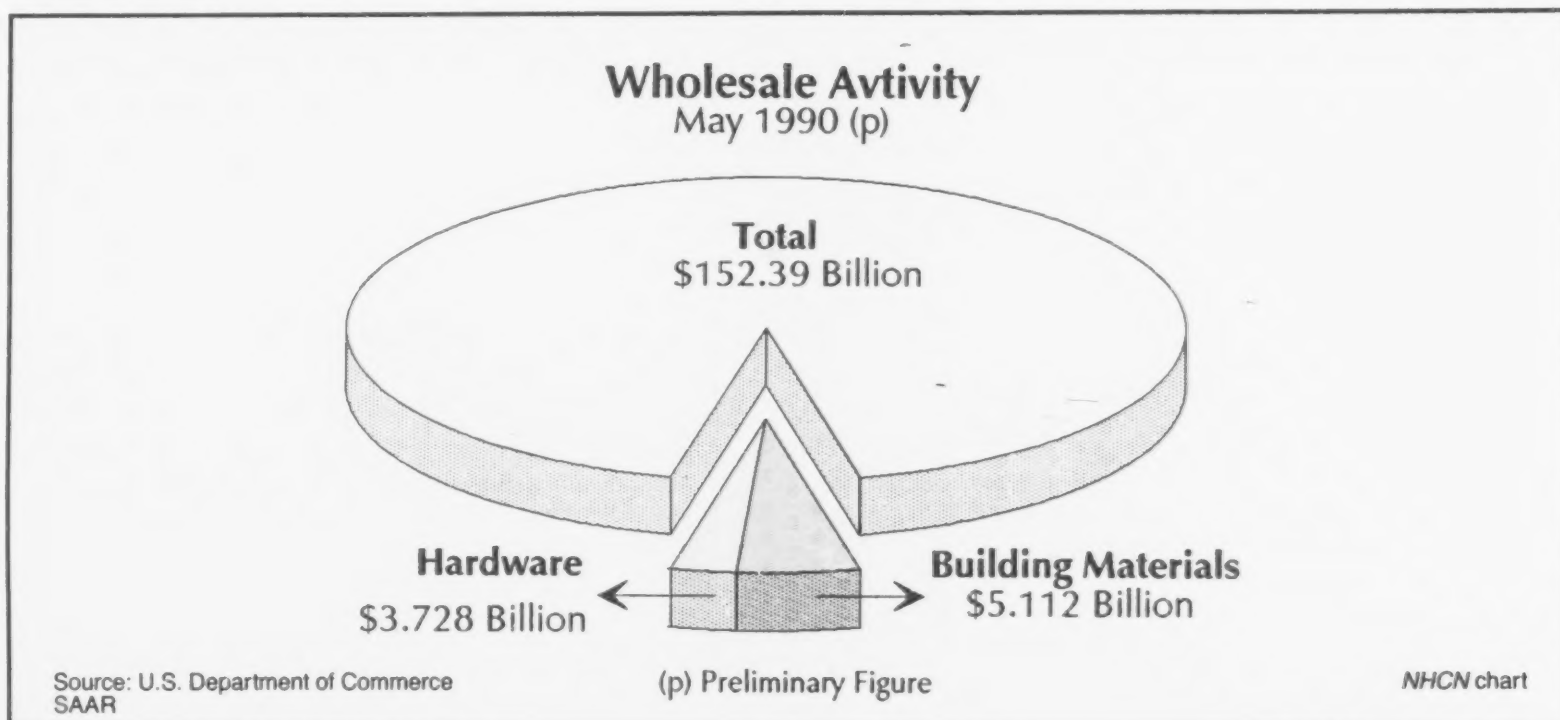
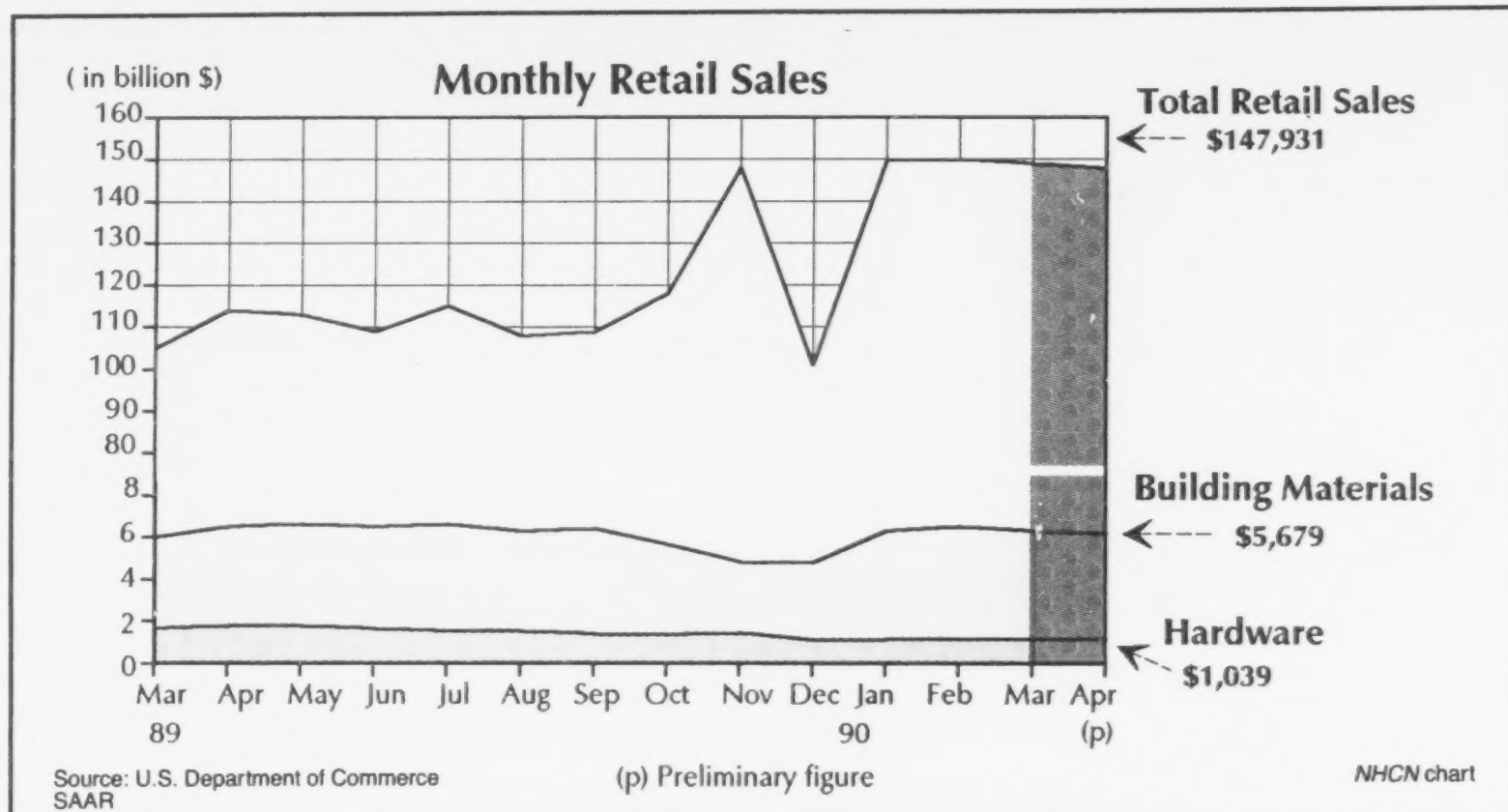
To upgrade customer service as well as to reduce its turnover rate, Seattle's Ernst Home Center chain has also intensified its employee-training effort recently, reports senior vice president, human resources Sue McNab. Not only is the company investing three or four times more dollars than it did a year ago, a new position—training director—has just been added to the corporate roster.

The program's first year emphasized classroom learning; one hour sessions covering product knowledge and operations topics were held daily in each store location before opening. Afternoon classes were also available.

Building on these skills, Ernst is now introducing a new “self-paced, individualized” program, called “Training for Professionalism.” It is based on a series of workbooks featuring 64 topics. Designed to make store managers more accountable for employee performance, the manager's role has shifted from teacher to coach, notes McNab.

—Jay Scansaroli is a partner, Arthur Andersen's Retail Practice in New York.

After a slight uptick in February, attributed to a mild mid-winter, home improvement sales of commodities have been dropping off gradually through April. Hardware sales in February and March improved, but in April fell back almost to January levels.



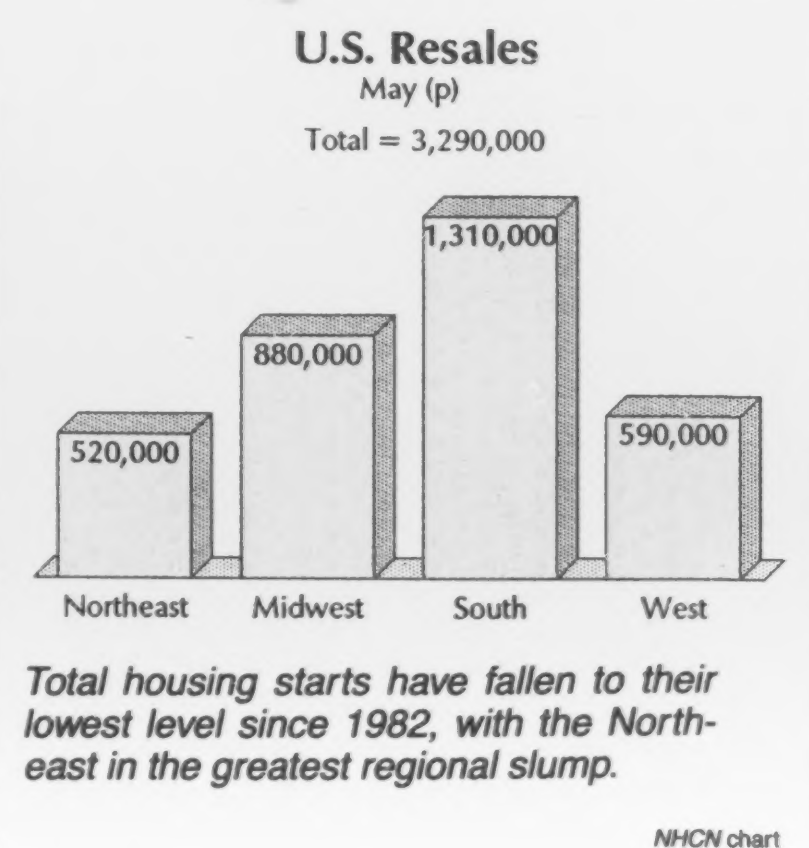
Housing Affordability

	National Total	
	MAY 1989	MAY 1990 (p)
Affordability Index Composite*	101.1	105.6
Median Price Existing Home	\$92,600	\$94,800
Average Mortgage Rate	10.46%	10.14%
Payment as Percentage of Income	24.7%	23.7%
Median Family Income	\$32,778	\$34,142
Qualifying Income	\$32,420	\$32,324

*The affordability index is based on the five criteria listed above.

Source: National Association of Realtors (p) Preliminary figure

NHCN chart



Stanley Works 2Q sales and earnings stay flat, but profits rise

By an NHCN staff editor

NEW BRITAIN, Conn. — The Stanley Works reported flat sales and earnings for the second quarter of 1990, blaming it on "continuing softness in certain key markets." Net earnings for the second quarter were \$30.6 million, down slightly from \$30.8 million in the second quarter of the previous year.

At the same time, however, Stanley reported a 7 percent increase in operating profits for the same quarter, the result of cost-reduction efforts and im-

provements in productivity.

Stanley reported its net sales in the United States for the first six months of 1990 at \$983 million, up 1 percent from 1989. Net earnings for the period were \$53.1 million, down from \$55.4 million for the same period in 1989.

Richard Ayers, chairman and ceo of The Stanley Works, said in a prepared statement, "A careful assessment of the economic status for the markets and industries that we serve leads us to believe that sales growth will be modest for the balance of the year."

Ayers added, however, that Stanley plans to improve operating margins for the remainder of the year, and he expects 1990 earnings to be "at record levels."

Stock gains and losses level off

Home improvement related companies took an upward turn on Wall Street in the past two weeks as stock price increases and decreases leveled off among the 43 companies tracked for NHCN by Media General. For the two-week period ended July 20, 18 of the companies' stock prices increased while 19 declined.

The purchase of paint supplier DeSoto caused its stock to rise \$7.63, which was the highest gain of the period. Sherwin Williams, who signed the agreement to buy DeSoto (see story, page 3) saw its stock price edge up 50 cents.

Other big gains on the supplier side were Georgia-Pacific, which showed an increase of \$4.00 and PPG Industries, makers of Pittsburgh Paints, which jumped \$6.38.

The biggest change in price overall was in Lowe's stock, which plummeted \$8.38, as financial analysts revised the company's estimated earnings downward. Wall Street had been expecting the company to sustain the tremendous growth that it experienced in the first quarter. However, while Lowe's showed growth in the second quarter, it will not be as high as anticipated.

Gainers
18

Unchanged
6

Losers
19



HOME CENTER MARKET SUMMARY

		STOCK PRICE						VOLUME				EARNINGS / SHARE					P/E	DIVIDENDS			FINANCIAL POSITION												
		Covering The Period 07/06/90 - 07/20/90																															
Company (Exchange)	Symbol	High	Low	Close	Change		52-Week		Total Volume This Period	% Shrs. Out-standing	Average Daily Vol. Last 52 Week	Average Daily Vol. This Period	Last Fiscal Year	Latest 12 Months vs Preceding 12 Months Change		5-Year Annual Growth Rate	Profit Margin	Latest P/E Ratio	Indicated Divd. Rate		Last X-Dvd. Date	Last Fiscal Year		Current Ratio	Last Fiscal Year (Per Share)		Last Balance Sheet Date						
					Amt	Pct	High	Low						Amt.	Pct				Amt.	Yield		Revenue	Earnings		Long Term Debt	Common Stock Equity							
		\$	\$	\$	\$	%	\$	\$	(100)	%	(100)	(100)	\$	\$	%	%	%	-	\$	%	-	\$ Mil	\$ Mil	-	\$	\$	-						
Retailers																																	
Gen Bldg Prods (O)	GBLD	1.50	1.00	1.25	.00	.00	3.75	1.00	255	.65	23	26	-84	-32	S	NE	NC	-4.0	NE	.00	.0	00-00-00	81.8	-3.3	4.0	5.86	3.17	1189					
Grossman's Inc (O)	GROS	6.25	5.50	5.50	-.56	-9.28	8.13	3.75	17,659	6.76	1,681	1,766	.67	.17	Q	29.8	NC	1.7	7.4	.00	.0	00-00-00	1052.1	17.6	1.8	3.36	4.48	1289					
Hechinger A (O)	HECHA	12.63	11.88	12.63	.25	2.02	19.75	10.75	4,672	2.28	1,026	467	NA	NA	NA	NA	NA	NA	.16	1.3	04-30-90	NA	NA	NA	NA	NA	NA						
Hechinger B (O)	HECHB	12.75	11.75	12.25	.25	2.08	19.75	11.00	512	.14	53	51	.88	-.37	Q	-29.1	6	2.5	13.6	.06	.5	04-30-90	1229.6	31.0	2.6	4.63	11.00	0190					
Home Depot (N)	HD	43.50	38.50	39.88	.63	1.59	43.50	18.84	57,670	5.01	3,780	5,767	.95	.33	Q	45.8	53	4.1	38.0	.12	.3	07-16-90	2758.5	112.0	1.9	2.63	4.45	0190					
K mart Cp (N)	KM	36.50	34.75	35.50	.50	1.43	44.88	32.13	53,341	2.67	5,732	5,334	1.61	-2.23	Q	-57.6	3	1.1	21.6	1.72	4.8	08-10-90	29533.0	323.0	1.8	.01	.02	0190					
Lowe's Cos (N)	LOW	49.13	34.25	36.75	-8.38	-18.56	49.63	25.25	52,684	14.15	1,341	5,268	2.01	.38	Q	20.8	5	2.8	16.6	.52	1.4	07-11-90	2650.5	74.9	2.0	5.12	15.80	0189					
NHD Stores (O)	NHDI	4.25	3.75	4.25	.25	6.25	9.00	3.75	66	.51	31	7	.13	-.61	Q	-81.3	-16	.4	30.4	.00	.0	09-16-86	55.3	.2	2.4	4.87	7.39	0190					
Sears, Roebuck (N)	S	38.25	33.13	34.50	-1.63	-4.50	47.25	33.13	75,490	2.20	6,276	7,549	4.30	1.21	Q	45.3	-1	2.8	8.9	2.00	5.8	05-25-90	53793.9	1508.5	1.8	29.30	39.77	1289					
Std Bld Pnt (N)	SBP	12.38	11.75	11.75	-.63	-5.05	18.00	11.50	1,036	1.81	103	104	.36	-.53	Q	-100.0	NC	1.2	NE	.00	.0	08-11-87	314.0	3.7	2.8	28.85	6.65	0189					
Strober Organiz (O)	STRB	2.25	2.00	2.00	.00	.00	6.50	2.00	101	.17	46	10	-.21	-.97	Q	-100.0	NC	-1.0	NE	.00	.0	00-00-00	127.7	-1.3	3.4	2.79	4.75	1289					
Wolohan Lumber (O)	WLHN	18.50	17.63	17.63	-.38	-2.08	19.53	14.75	1,172	1.81	133	117	1.72	-.04	S	-2.2	32	4.1	10.1	.28	1.6	05-25-90	272.1	11.1	3.3	4.03	9.64	1289					
Wholesalers																																	
Hughes Supply (N)	HUG	15.13	14.38	14.63	-.50	-3.31	20.13	14.38	667	1.45	72	67	1.33	-.68	Q	-34.5	3	1.2	11.3	.36	2.5	07-30-90	529.9	6.4	3.0	16.30	18.25	0190					
Manufacturers																																	
Am Consumer (O)	ACPI	7.00	6.75	6.75	.00	.00	9.00	6.38	45	.18	46	5	.76	.07	Q	9.9	42	2.3	8.7	.00	.0	06-08-88	87.8	2.0	5.1	9.62	6.10	1289					
Am Woodmark (O)	AMWD	6.00	5.25	5.38	.00	.00	13.75	5.25	174	.25	50	17	.09	-.91	F	-91.0	-17	.4	59.7	.00	.0	05-24-88	154.0	.6	2.3	3.65	5.41	0489					
Armstrong Wld (N)	ACK	36.88	34.75	35.00	-.38	-1.06	49.50	31.75	10,704	2.53	1,582	1,070	3.44	.41	Q	11.8	14	6.6	.90	1.16	3.3	05-07-90	2512.5	165.9	1.8	4.29	16.72	1289					
Black & Decker (N)	BDK	17.88	15.50	15.75	.13	.80	24.88	12.63	38,410	6.49	2,747	3,841	.51	-2.04	Q	-100.0	NC	.9	NE	.40	2.5	06-11-90	3190.3	30.0	1.3	44.64	12.23	0989					
Boise Cascade (N)	BCC	34.75	31.25	32.50	-1.88	-5.45	48.00	31.25	9,804	2.58	1,201	980	6.19	-2.62	S	-39.1	30	6.2	8.0	1.52	4.7	06-11-90	4338.0	267.6	1.4	38.34	32.56	1289					
Catalina Lghtg (A)	LTG	10.50	9.75	9.88	-.13	-1.25	14.13	5.75	1,174	2.29	219	117	.63	.14	S	25.9	NC	4.8	14.5	.00	.0	00-00-00	54.6	2.6	1.8	.24	4.58	0989					
Champ Intl (N)	CHA	30.75	28.63	29.13	-1.63	-5.28	37.75	26.25	18,834	1.97	2,876	1,883	4.56	-.87	Q	-17.7	NC	8.4	7.2	1.10	3.8	06-11-90	5163.2	432.4	1.3	21.78	38.60	1289					
Cooper Indus (N)	CBE	46.00	43.13	45.00	1.75	4.05	47.00	31.25	11,904	1.10	2,203	1,190	2.51	.31	Q	13.7	17	5.2	17.5	1.08	2.4	06-08-90	5129.4	267.8	1.6	16.82	24.75	1289					
DeSoto Inc (N)	DSO	46.50	37.00	45.88	7.63	19.93	48.38	28.00	13,486	33.16	480	1,349	-2.53	-2.95	Q	-100.0	NC	-2.5	NE	.40	.9	06-21-90	408.2	-10.2	1.3	12.30	21.21	1289					
Georgia Pacific (N)	GP	48.13	43.63	47.63	4.00	9.17	62.00	38.88	26,264	3.08	2,565	2,626	7.42	.21	S	3.4	41	6.5	7.6	1.60	3.4	05-14-90	10171.0	661.0	2.0	27.00	31.40	1289					
La Pacific (N)	LPX	38.38	35.50	36.00	-1.63	-4.32	45.25	35.50	10,631	2.82	1,076	1,063	5.04	.57	S	13.9	43	9.6	7.7	1.00	2.8	05-15-90	2009.5	192.6	3.6	13.93	30.95	1289					
Macmillan Bloedel (O)	MMBLF	16.00	15.38	15.50	.00	.00	18.13	13.50	2,693	.26	409	269	1.96	-.85	Q	-34.6	NC	7.5	9.6	.80	5.2	08-20-90	2826.8	213.0	11.7	1.45	10.86	1288					
Marville Cp (N)	MVL	7.50	6.63	7.13	.38	5.56	10.50	6.13	3,138	.66	488	314	1.48	1.60	Q	NE	NC	9.0	5.1	.00	.0	00-00-00	2191.9	196.8	1.5	16.77	9.87	1289					
Masco Corp (N)	MAS	24.63	23.88	24.38	.25	1.04	30.50	23.50	32,790	2.12	3,042	3,279	1.42	-.63	Q	-31.5	7	7.0	17.8	.56	2.3	07-16-90	3150.5	220.9	2.6	7.41	11.94	1289					
Mor-Flo Inds (O)	MORF	5.25	4.75	5.25	.50	10.53	6.50	4.25	96	.38	11	10	-3.56	-1.80	Q	NE	NC	-4.2	NE	.01	.2	12-13-89	212.7	-9.0	2.0	16.50	10.05	1289					
Newell Co (N)	NWL	35.50	31.25	31.50	-1.38	-4.18	35.50	18.25	17,877	3.03	1,173	1,788	1.41	.39	S	31.0	28	7.6	19.1	.50	1.6	05-15-90	1122.9	85.4	1.6	1.70	7.61	1289					
Nortek Inc (N)	NTK	3.63	2.88	3.00	-.25	-7.69	9.25	2.75	1,165	.83	207	117	-2.08	-2.53	Q	-100.0	NC	-2.6	NE	.10	3.3	06-29-90	1080.2	-28.5	3.0	28.78	15.65	1289					
Owens Cor (N)	OCF	22.63	21.25	21.88	-.13	-.57	36.88	20.50	13,304	3.16	1,043	1,330	4.08	-1.19	S	-24.4	NC	5.7	5.9	.00	.0	00-00-00	3000.0	172.0	1.0	29.76	-10.78	1289					
Ply-Gem (A)	PGI	7.88	7.25	7.38	.00	.00	14.13	7.13	1,029	.98	173	103	.90	-.77	Q	-58.8	4	2.0	13.7	.12	1.6	05-11-90	506.8	10.1	3.6	13.74	10.26	1289					
Pope & Talbot (N)	POP	25.00	21.25	22.00	-2.38	-9.74	29.75	21.25	4,025	3.41	255	403	3.70	.43	S	13.5	NC	7.0	6.1	.72	3.3	07-24-90	618.8	43.6	1.9	5.73	16.91	1289					
Pottlatch Cp (N)	PCH	42.00	38.88	41.00	1.25	3.14	44.50	32.00	3,534	1.22	413	353	4.79	.60	S	13.6	32	11.1	8.2	1.20	2.9	05-15-90	1227.6	136.7	2.7	15.89	28.74	1289					
PPG Inds (N)	PPG	55.25	47.50	54.00	6.38	13.39	55.25	37.00	22,032	2.02	1,672	2,203	4.18	-.15	Q	-3.5	16	8.1	12.9	1.68	3.1	08-06-90	5734.1	465.2	1.5	10.82	20.98	1289					
Rep Gypsum (N)	RGC	4.13	3.63	3.63	-.25	-6.45	5.25	3.38	529	.50	54	53	.23	-.10	N	-43.5	-32	5.0	27.9	.00	.0	05-24-90	48.1	2.4	3.6	.86	3.04	0689					
Sherwin-Williams (N)	SHW	42.13	38.25	39.63	.50	1.28	42.13	30.63	12,897	2.99	883	1,290	2.52	.29	S	12.1	10	5.1	14.8	.76	1.9	08-20-90	2123.5	108.9	2.0	2.43	15.48	1289					
Stanley Works (N)	SWK	35.63	33.88	34.63	.38	1.09	40.00	32.00	2,248	.52	610	225	2.71	.08	S	3.1	9	6.0	13.0	1.08	3.1	06-05-90	1971.5	117.7	2.7	9.68	15.67	1289					
Thos Inds (N)	TII	16.75	14.25	14.25	-2.50	-14.93	20.88	14.25	985	.96	69	99	2.02	.02	S	1.2	6	4.7	8.3	.76	5.3	05-25-90	436.6	20.6	2.4	11.47	13.59	1289					
Union Camp (N)	UCC	39.25	36.13	38.25	2.00	5.52	41.38	33.25	13,801	2.00	1,607	1,380	4.35	-.29	Q	-6.5	22	10.8	9.2	1.56	4.1	08-28-90	2761.3	299.4	2.0	10.06	25.49	1289					
USG (N)	USG	3.63	3.25	3.50	-.13	-3.45	5.63	2.88	5,115	.94	968	512	.51	-1.06	Q	-63.9	NC	1.3	5.8	.00	.0	00-00-00	2191.0	28.0	.9	41.75	-26.55	1289					
Waxman Inds (N)	WAX	6.25	5.88	6.25	.13	2.04	11.00	5.50	571	.57	122	57	.80	.04	N	5.2	31	3.0	7.7	.12	1.9	06-04-90	241.4	7.3	2.5	21.17	2.94	0689					
Weverhaeuser (N)	WY	26.00	24.88	24.88	-.38	-1.49	32.75	23.13	24,3																								

Builders Express gets its first unit ready

(Continued from page 4)
town," said Builders Express president Sean Lee. Competitors will include Payless Cashways, Lowe's and McCoy's.

Meets pop. criterion

Sandblasting was being done to rust-laden beams inside the building in July as Builders Express, whose principals also include Builders Square cofounders Frank Denny and Jud Walford, advertised locally for some 100 store employees.

The mid-sized town had been under consideration from the start because its population, 174,000, just about makes Builders Express' 175,000 cutoff. Other markets being looked at are McAllen, Texas and Topeka, Kan.

The store, for which Builders Express signed a 20-year lease, will have 18,000 stock-keeping units and 10-foot-high racking. Lee said his proto-

type calls for 12-foot racking, but the Longview site was modified because of its low ceiling. The prototype is also 64,000 square feet, and he said the company will try to match that in the future.

SEC approves offering

Builders Express was able to move ahead when the Securities and Exchange Commission approved its stock offering on June 7 after a delay. The chain had hoped to open its first store in June or July.

"We were reviewed more than anyone expected," said Lee. "It was a tough, long thing."

The company raised just over \$5 million through an initial \$6-per-unit offering. Each unit represents three shares of common stock and three warrants, which are being traded on the National Association of Securities Dealers Automated Quotations (NASDAQ). ♦

National Home Center News (ISSN 0192-6772) is published 23 times a year, twice a month, monthly in December, beginning with the second Monday in January; by Lebhar-Friedman Inc., 425 Park Ave., New York, NY 10022. Subscriptions are available at no charge to qualified retailers and wholesalers of lumber and building supplies and hardware. Paid subscriptions are available to nonqualifying retailers and wholesalers, and to manufacturers and others at \$69 per year in the U.S.; \$79 per year to Canada; \$219 per year to all other countries (air mail only). Group subscriptions available in the U.S. (1-4 copies, \$69; 5-19 copies, \$64; 20 or more copies, \$59). Single rate copy is \$3 except last two May issues (Annual Census Issues) \$30 each, \$50 for both.

Second class postage paid at New York, N.Y., and additional mailing offices. Vol. 16, No. 15, Copyright© 1990 by Lebhar-Friedman Inc. All rights reserved. Postmaster: Please send address changes to Subscription Dept., National Home Center News, 305 Madison Ave., Suite 535, New York, N.Y. 10165-0079. For change of address six weeks is requested. Give old and new address and zip code. If possible, enclose address portion from cover on previous issue.

Vol. 16, No. 15

August 6, 1990

Project Ideas & Know How

The best way to increase your product sales!

When you increase the D-I-Y competence and confidence level of your customers, you increase their capacity and willingness to buy your store's products.

Teaching how-to skills and providing project ideas is our only business and has been for more than 50 years. Expertise you can rely on... and profit from.

Sunset is not only the best how-to information source available, it is the most profitable! Sunset inventory turns 5 to 6 times per year, for a GMROI of 3.0 or better.

Bring D-I-Y know-how and projects to your customers and you'll sell more tools and materials... guaranteed!

We offer IN-STORE SERVICE, FREE DISPLAYS, and CO-OP ADVERTISING.

Call us today at:
(800) 227-7346.

In California:
(800) 321-0372.

Sunset
BOOKS & VIDEO

© Lane Publishing Co.

Circle 171 on Reader Service Card

Index of Companies in This Issue

Ace Hardware	8,19,24,37,62,99,101,104,128,140,142,144,216
All American Home Center	14,19,22,102
Allied Hardware	80
American Brands	4
American Building Center	26
American Wholesale Hardware	19
Anchor Brass	4
Andersen Windows	127,144
Armstrong	128
Associated Building Materials	8
Barr Lumber	22,26
Belknap Hardware	48,55
Bennett Lumber	76
BJ's Wholesale Club	46
Black & Decker	104
BMA	8,119,120
Boise Cascade	26
Bridgford Ltd.	159
Bruno's Hardware	3,218
Buena Park Lumber	19,22,26
Builders Emporium	19,24,28,142,162
Builders Express	4
Builders Square	19,95,162
Builderway	119
Busy Beaver	146
California Hardware	14,19
Caradco	127
Carey-McFall	99,102
Cascade West	82,83
Chandler Lumber	60
Channel	1,220,222
Chase-Pitkin	56,60
City Products	62
Clayton Valley Hardware	128
Clear Lumber	82,83
Comfortgard Windows	144
Cotter	8,140,148
Dearborn Brass	4
Del Mar Window Coverings	102
DeSoto	3,206
Dexter Lock	4,174
D.G. Mouldings	6
Dickerson Lumber	28
Dickinson Hardware	196
Dixieland Lumber	88,164,216
Dooley's Hardware	19
Drie Do-It Center	162
Duracell	99,101
Dutch Boy	3,142
Eagle Electric	128
E-G True Value Hardware	128
84 Lumber	124
Eljer	66,67
Energizer	99
Environmental Outfitters	130,132
Erb Lumber	6
Ernst	66,95,162,205
Evans Products	42
Eveready	99,101
Fred Meyer	1,66,216
Fullerton Lumber	103,104
Ganahl Lumber	19,22,84
General Building Products	95
General Electric	216
General Hardware	48,55
Georgia-Pacific	14,206,218
Glidden	3,216
Golden State Lumber	3,218
Great Plains Supply	4
Green Cross Certification Co.	1,216
Green Seal	216
Grohe	66
Grossman's	3,6,42,75,106,126,142,159,164,216
GTE Sylvania	216
Hager Hinge	55
Halbert Lumber	15
Hammond Lumber	90
Handy Andy	99,102,164,218
Handy City	60
Handy Hardware Wholesalers	80
Hardware Wholesalers	8,19,22,139
Hechinger	56,60,216,218
Holmes Lumber	196
HomeClub	15,19,24,26,28,40,46,66,90,142,205
Home Depot	4,14,15,22,24,26,28,66,95,99,124,190,191,192,205,216,218,220,222
HomeQuarters Warehouse	6
Huttig Sash & Door	88,126,127
Insignia Systems	140
Jaeger Lumber	103
Jax Bargain Plywood	192
Kemper	106
K mart	101
Knox Lumber	75,76
Kohler	106
Kramer's True Value	148
Kurpees Coatings	3
Lampert Lumber	42,75,140
Lawn-Boy	6
Liberty	8
Living Spaces	119,120
Louisiana-Pacific	6
Lowe's	102,124,126,128,206,216,218
Makita	184
Makro	220,222
Marley PLC	6
Marvin	127
MasterBrand Industries	4
Master Lock	4,174
Masters Corp.	130,132
Maxxam Corp.	84
Milwaukee Electric Tools	139
MITek Wood Products	6
Moen Group	4
Monarch Building Centers	124
Moore's	142
Morse Hardware	83
Mr. Build	95
Mr. Goodbuys	6,56,106
Mr. HOW	192,194
National Home Center	90
National Lumber	14,24,28
Newell Window Furnishings	99
NHD Stores	90
OBI	200
Olympic	142
Orchard Supply Hardware	90
Our Own	76,140
Owens-Corning	218
Pacific Electriccord	128
Pacific Lumber	84
Palmer G. Lewis	126
Pascal	69
Pay 'N Pak	66,90,216
Payless Cashways	42,75,76,218
Peachtree	19
Pelican Building Centers	124,127
Pergament	99,103
Pittsburgh Paints	206
Ply Gem	218
Plywood Minnesota	146
Porter Cable	139
PPG Industries	206
PrimeSource	19,88
Pro Hardware	8,80,83
Proctor Ace Hardware	159,190,191,196
Property Doctors	95,127
Rayovac	99,101
Red Devil	103
Remodel America	120
Renovator's Supply	160
Republic Lumber	56
Rickel	1,42,103,164,189,216,218
Robertson Companies	4,42
Ryobi	104
Saddleback Lumber	14,28
Salem Building Supply	216
Sam's Wholesale Club	190
Scotty's	124,190,191,194
Sears	3,142,146,160
Sentry Hardware	8,19
Servistar	3,8
Sherwin-Williams	3,102,191,206
Sherwood Lumber	82,83
Shopsmith	104,159
Siegles	142
Simonson Lumber	140
Simpson	127
Smith & Hawkins	159
Somerville Lumber	6
Square D	128
Stanley	103
Stanley Works	4,206,218
The Home & Garden Place	128
Thermal Designs	99
Therma-Tru	127
Thurman Industries	66,67
Toolathen	6
Treasure City	4
20th Century Companies	4
Underwriters Laboratories	139,216
United Building Centers	146
United Distributors	140
Universal Forest Products	88
Varetronics Systems	140
VendAmerica	6,56,106
Vendex International	6
Waban, Inc.	46
Wal-Mart	190,191
Webber Lumber	216
West Building Materials	99
Wicks	126,142,218
Wolohan Lumber	216
Woods Wire	128
Zayre	46,222

Advertisers Index

General Electric Silicone	82,83, 90
General Marble	57, 67
Genova	224, 174
Georgia-Pacific	78,79, 77
Glidden	96,97, 87
GMC Truck	50,51, 63
Gold Bond	86,87, 82
Good Credit Corp.	152, 11
Grisham Corp.	52, 64
Groupe Sepaic	186, 146
GSW Thermoplastics	187, 147
Gusdorf	131, 103
Hershey Valve	152, 13
Hong Ling Aluminum	152, 12
Hunter	61, 70
Interbath	183, 139
Ironclad	148, 113
Jacks Evans	209, 253
Jones Mfg.	186, 144
Kabo Tool	151, 10
Kew Pressure Washer	210, 261
Keystone Franklin	179, 132
Knauf	191, 152
Kok's Woodgoods	182, 137
KolnMesse	215, 168
Kraftmaid	219, 170
Kwikset	53,54, 65
Laminations	80, 78
Lamp Corp.	181, 135
Lane Publications	220, 171
Lee Rowan	47, 58
Lights of America	193, 135
Lyons Industries	207, 166
Macco Adhesives	203, 164
Macklanburg Duncan	167, 120
Makiki Electronics	192, 154
Makita	161, 117
Manville	16,17, 41
Marley Mouldings	221, 172
Master Lock	168,169, 121
Masterchem	172, 124
Mastercraft	174A,B, 2
McCulloch	91-94, 85
Merillat	63, 55
Metylan Products	28, 48
Miami-Carey	23, 45
Mist Maid	209, 252
Moen Group	174, 126
Moen Group	175, 126
MW Manufacturing	49, 62
Nalcor/American Builders Hdwe.	22, 44
National Manufacturing	48, 61
National Manufacturing	190, 151
National Store Fixtures	48, 59
Nowell	199, 160
NOMA Outdoor Products	58,59, 68
Ohio Sealants	125, 96
Olin Chemical	71-74, 74
Oregon Research & Development	35,36, 51
Orville Leather	178, 131
Owens Corning	64,65, 72
Owens Corning	44,45, 56
Owens Corning	43, 56
Pacific Fabrication	192, 153
Pak-Mix	48, 60
Pak-Mix	197, 159
Panasonic	2, 36
Panasonic	180, 134
Peerless Faucet	155-158, 114
Pennington Seed	105, 90
Phillips Lighting	147, 112
Plumb Qwik	140, 109
Pooltime Products	201, 162
Price Pfister	7, 38
Quikrete	100, 88
Quikrete	101, 88
Reliance Water Heater	129, 101
Robertshaw Controls	60, 69
Roussel Bio Corp.	194, 156
Royal Appliances	128, 100
Rubbermaid	133, 105
Rubberset	217, 169
Schlage Lock	29-34, 49
Schulte Corp.	210, 256
Selfix	76, 75
Sentry Group	95, 86
Shower-Rite	209, 251
Siemens Solar	9, 39
Simpson Strong-Tie	184, 142
Skil Corp.	126,127, 99
Skil Corp.	130, 102
Solomon Technology	150, 9
Song Por Plastic Industrial	150, 8
Southern Importers	209, 257
States Industries	184, 140
Sun Luck Electrical	152, 14
Sunny Wood Products	81, 79
Telecheck Services	208, 167
Titon Industries	184, 141
Toford Plastic Mfg.	150, 6
Tri-Guards	160, 116
United Steel Products	188, 148
USA 2Way	210, 255
U.S. Gypsum	134, 106
U.S. Hardware	209, 250
Vagedes	186, 145
Waxman	5, 37
Weathashade Corp.	135-138, 107
Weiser Lock	163, 118
Wellington	25, 46
Whittier Wood Products	90, 84
Williamson Dickie	104, 89
W.J. Dennis	210, 254
W.R. Bonsal	190A,B, 1
W.W. Henry	200, 161
Yin King Industrial	152, 15

*Asterisk indicates regional ad.
This index has been compiled for the convenience of our advertisers and readers. While every precaution is taken to prevent mistakes, the publishers cannot be held responsible for errors or omissions.

National Home Center News®

SECOND CLASS

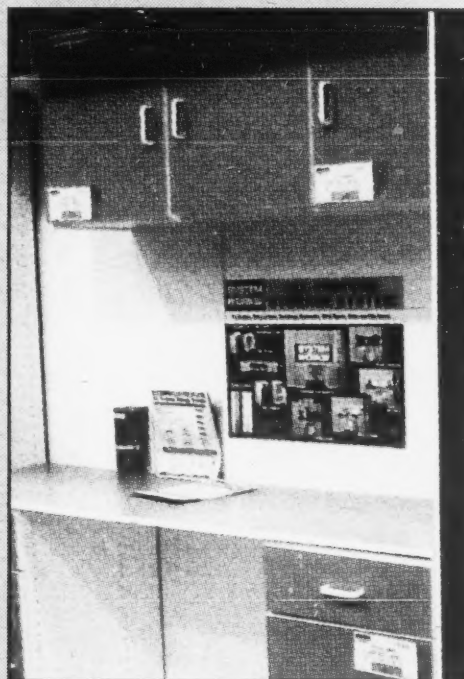
Vol. 16, No. 16

S3 a copy

The Journal of News & Trends for Home Improvement Retailers, Co-ops & Wholesalers. Published by Lebhar-Friedman Inc.

August 20, 1990

buying & selling



Storage products category grows in a cramped space . . . 13
Merchandising Digest 20
Building Material Column . . . 26
New Products . . 35,38

perspectives

Independents' niches go beyond traditional fare 43
McLendon's carries just about everything . . 45
Independent Case Study: Pittsburgh . . 47
Systems & Operations 49
States pass parental leave legislation . . . 50

business watch

South Atlantic States 52
Stocks . . . 56

Home Depot plots future expansion

150 stores projected for Northeast; decorator store to open in Calif.

By an NHCN staff editor

ATLANTA — Major growth initiatives are being eyed by The Home Depot on both coasts.

A spokesman for the 126-unit chain here confirmed that Home Depot plans to open its first "decorator" specialty store in San Diego next year. And the company now estimates that it could have 150 full-sized warehouse units in the Northeast by the year 2000, or virtually double its previous projections.

In July, chairman Bernie Marcus told a group of investors gathered in Minneapolis that he is confident the Northeast can support at least 120—and possibly 150—stores, based on the volume being generated by the eight units Home Depot already has in Connecticut, New York and especially New Jersey.

The Garden State stores—in Paramus, Old Bridge, Lakewood and East Hanover—are each ringing up at least \$50 million in annualized sales, with the last doing an estimated \$60 million. This compares with the \$23 million each of Home Depot's stores averaged in sales in 1989, the highest

(Continued on page 60)

Dealers install safety measures to prevent injury, lost days

By Elizabeth Brent

NATIONAL REPORT — For a year now, the 144 employees of Barnett Co., a lumberyard in Denver, have done 10 minutes of stretching exercises before their shift each day, exercises that have led to a dramatic reduction in back injuries and work days lost.

"We looked for something to remind them on a daily basis to be safe, and eliminate muscle strain and sprain," said Saul Licholat, Barnett's safety coordinator.

Starting this May, all new hires at Payless Cashways' 196 stores are required to stretch as part of a back injury prevention program that includes a videotape produced by the Home Cen-

ter Institute's Loss Prevention and Safety Council.

With insurance costs going through the roof, employers (Continued on page 60)



Employees stretching before work at Barnett Co. in Denver.

Our Own to buy FOK

Court approval still needed

By Tim O'Malley

DENVER — Amdura Corp. has agreed definitively to accept a bid from Our Own Hardware to buy Amdura's hardlines distributor, Farwell, Ozmun, Kirk & Co. (FOK). The offer, submitted in late July, was expected to be considered by a bankruptcy court this month for approval.

If okayed, the deal would relieve Amdura of its second distributor this summer. On July 3, the court approved the sale of CoastAmerica—including two DCs and at least 800 Coast to Coast dealers—to ServiStar, the Butler, Pa.-based co-op, for about \$60 million.

In addition, this transaction could be a big plus for Liberty Distributors, the wholesaler marketing group to which FOK belongs and Our Own is expected to join.

Our Own, a wholesale co-op based in Burnsville, Minn., would actually acquire Amdura National Distribution Co., which includes two entities—FOK and the automotive distributor Globe. But Globe, acquired by Amdura in late 1988, has few assets, with the exception of inventory, since its DCs were consolidated with FOK earlier this year.

Chosen over other bidders

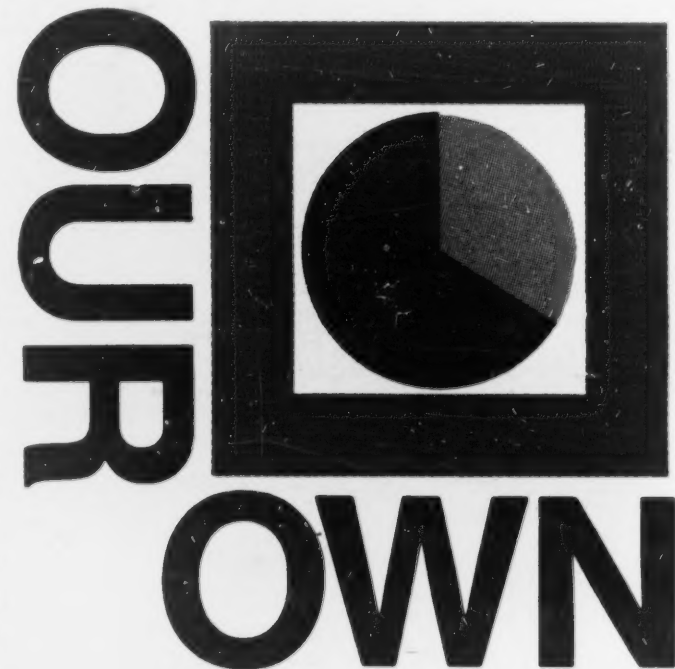
The co-op's bid reportedly was accepted by Amdura's creditors committee over offers made by several companies, including Amarillo Hardware and United Hardware Distributors.

"We're an excellent match geographically," said Darwin Wilde, Our Own's vp-personnel. "And the additional volume is going to be tremendous for us."

Our Own's 1,000 members

generated \$137 million in 1989 sales. Wilde said how the company plans to pay for this acquisition would remain confidential until the purchase was approved by the bankruptcy court, a requirement for any transactions involving Amdura, which is in Chapter 11.

FOK had \$140 million in



● OUR OWN ●	● F.O.K. ●
\$137M	\$70M*
1,000 members	600 dealers

*NHCN Estimate; Includes sales as secondary supplier to independent dealers

sales in 1989. But its revenues have suffered considerably this year due to cash problems that led to Amdura's Chapter 11 filing last spring. For one, plunging inventory levels at FOK's Millbank, S.D., DC caused the company to lose some \$50 million in business from the Target discount chain.

FOK's volume, which is difficult to estimate currently, is derived primarily from the company's Trustworthy dealers in the Upper Midwest. Numbering 600, the independently-owned stores, like their Coast counterparts, have been buying from other suppliers since Amdura's troubles began. But Wilde expects Our Own to win back 90 percent of them.

Our Own would also benefit from the "at least 500" smaller independent hardware stores (Continued on page 62)

South Atlantic: Strong employment keeps region solid

The South Atlantic states have moved to the forefront of total employment growth in 1990, a good sign for local building material retailers.

Of the country's nine regions, the 3 percent increase in employment for the South Atlantic is the second-best gain after the Mountain states.

Housing markets in the South Atlantic are softening, but not as much as the rest of the nation. Resales have been trending lower since early 1987, but not as rapidly as the rest of the nation. Over the last three quarters, resales have shown almost no change.

New housing markets are contracting, but not as rapidly as the nation. The softness is concentrated in multi-units, in particular, where larger builders often bypass the retailing channel.

Total retail sales are increasing 6.1 percent so far this year, the best gain outside of the West. The national rise is only 4.6 percent. This reverses last year's pattern where the South Atlantic trailed the nation.



Richard E. Mount



Population characteristics paint a dual picture. Age distribution in the region is more heavily concentrated in the 45 and above age categories. This segment is more likely to undertake major DIY projects.

The major difference between the South Atlantic states and the rest of the nation at present is its strong growth in services. The economy of the region has a heavy reliance on services and right now its service sector is growing 5.6 percent, while the national average is up just 3.8 percent.

Secondly, state governments here

do not have the severe financial problems that plague the Northeast, so government employment is up 3.6 percent; the national gain is 2.6 percent.

Florida is enjoying the region's strongest gains in employment, up 4.3 percent so far this year and fourth best in the nation. The national average is only 1.9 percent. The major source of strength is services, up 7.2 percent.

While Florida has the strongest overall economy in its region, its overall construction sector is the weakest.

South Carolina is enjoying the second-best employment increase in the

region, up 3.6 percent, and the strongest gain in construction activity, up 11.3 percent. The state is recovering from the impact of Hurricane Hugo, a plus for building material retailers.

North Carolina is facing a rise in employment of 2 percent, similar to the nation. It has the softest manufacturing sector in its region, down 1.1 percent.

The weakness is concentrated in the Greensboro/Winston-Salem/High Point area, down 7.3 percent, mainly due to the weak local furniture industry.

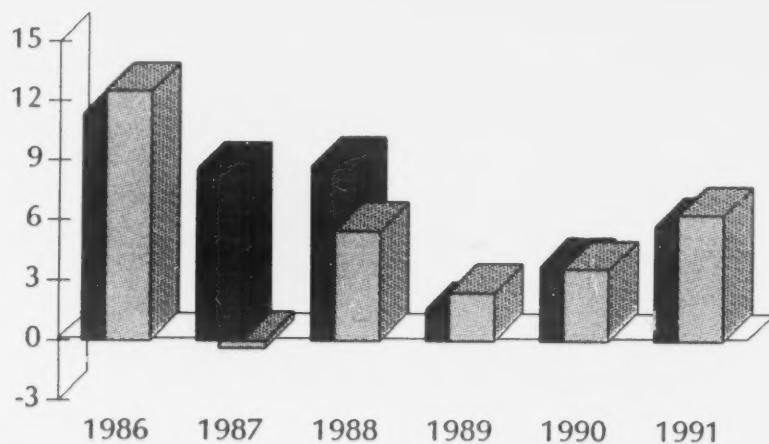
The South Atlantic states will enjoy an average gain in building material sales this year due to the region's strong economy, tempered by the current weakness in construction.

In 1990 we expect national building material sales to rise 3.7 percent and the South Atlantic to go up 3.6 percent. Next year we anticipate a regional gain of 6.3 percent, higher than the 5.7 percent national average.

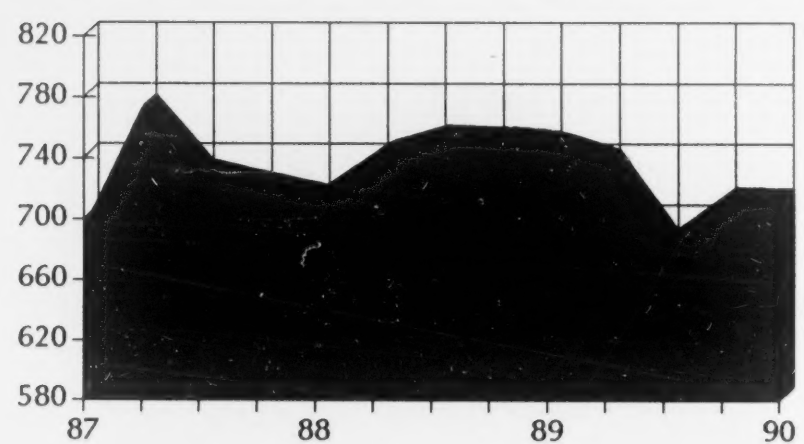
Richard Mount is president and chief economist with Mount Economic Consulting

market momentum

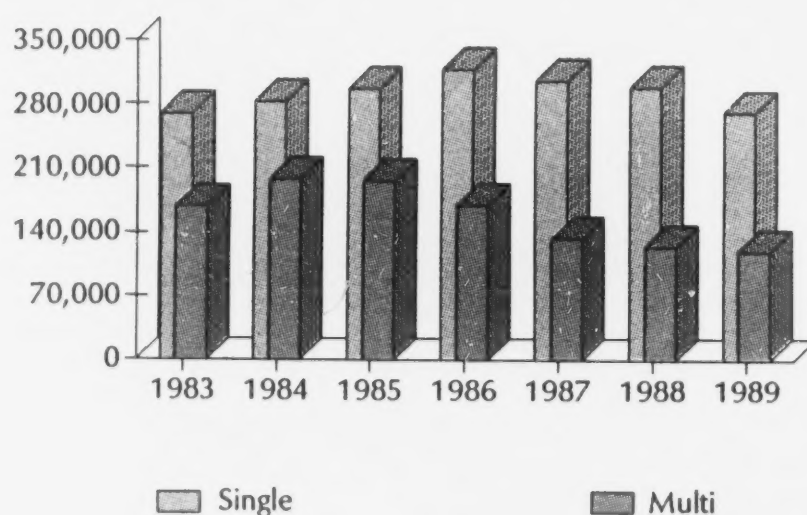
Building Material Sales Percent Change



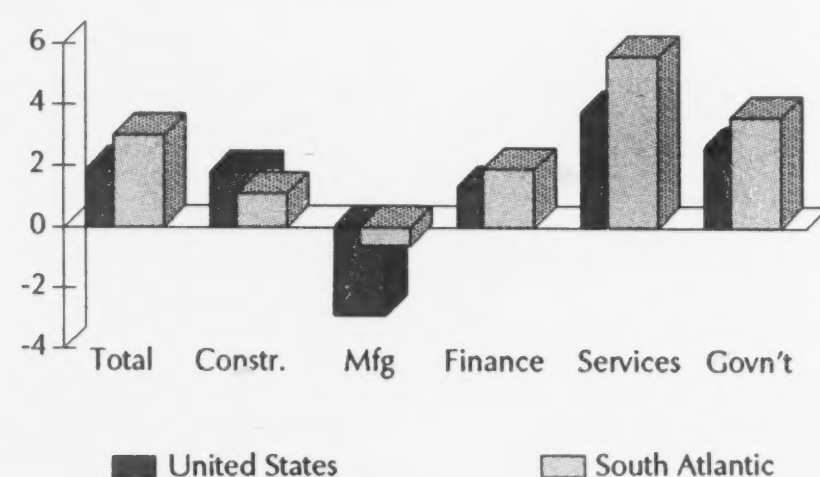
South Atlantic Resales



South Atlantic Residential Permits

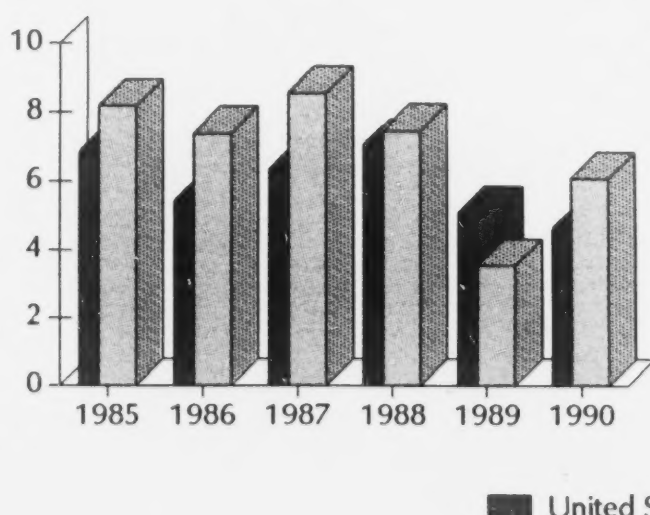


Employment Percent Change One Year Ago

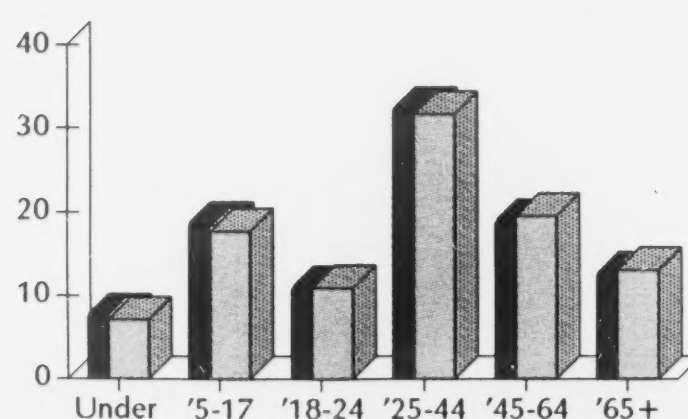


the bigger picture

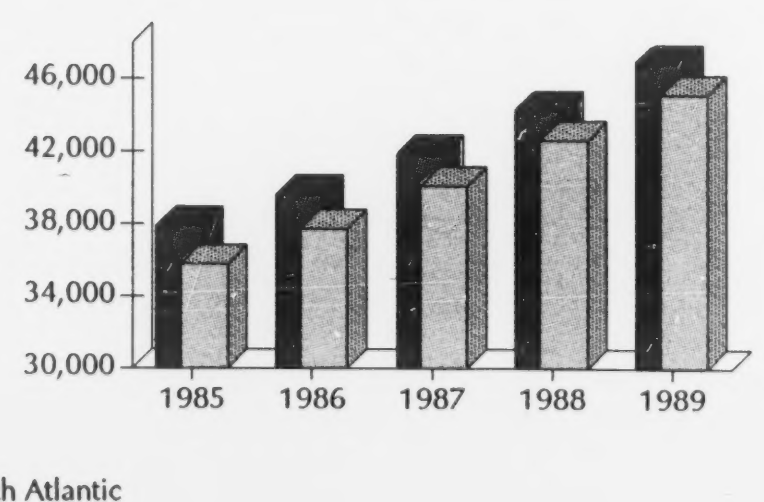
Total Retail Percent Change



Population Distribution



Household Income



Data for all charts: Dept. of Commerce / Bureau of Labor Statistics / National Association of Realtors / Dept. of Housing and Urban Development SAAR = Seasonally Adjusted Annual Rate / p = projection / NHCN Charts

B&D enjoys 45 percent growth in business for first half of 1990

By an NHCN staff editor

TOWSON, Md. — Black & Decker continues to outperform the home improvement industry's growth. The world's largest tool maker reported earnings for the quarter ended July 1 at \$16.1 million, compared to a loss of \$5.2 million for the same period a year ago.

The company's quarterly revenue also rose an impressive 44 percent to \$1,224,600,000.

Locks and hardware enjoyed "double-digit" sales growth in the quarter,

according to the company. And B&D plans to bring out new products and marketing to stimulate its consumer power tool division, which has slowed of late.

For the first half of 1990, B&D's business was up 45 percent to \$2,050,800,000, and net income jumped 26 percent to \$26.1 million, or 43 cents per share.

The sales in the most recent quarter were aided by \$220 million that came from revenues of its Information & Electronic Systems and its Dynapert divisions, which have been identified as products the company wants to sell.

Through the six months, B&D has reduced its debt from the acquisition of Emhart Corp. by \$500 million.

Iraq invasion hits stock market hard

The invasion of Kuwait by Iraq on Aug. 2 sent the stock market into a free fall from which few companies were immune. This two-week period reflects the initial impact of that invasion.

Only four of the 43 stocks tracked for NHCN by Media General gained in this stretch. Others plummeted hard. Lowe's, which probably wishes it could erase its performance in the month of July (see page 3), saw its stock price lose more than 25 percent of its value and decline to \$27.25 per share. Grossman's, which reported sagging second-quarter earnings, also saw its stock price dwindle by more than 20 percent to \$5.50 per share.

On the manufacturers' side, Catalina Lighting took the biggest hit, as its stock price fell by more than one fifth to \$7.88.

Even companies that survived Iraq's impact on the market had nothing to brag about. Boise Cascade's stock increased by nearly 12 percent to \$36.38. But on Aug. 6, the company reported that it was scaling back its pulp and paper mill operations in the Northwest, as it upgraded mills in other areas.

Gainers
4

Unchanged
1

Losers
38



HOME CENTER MARKET SUMMARY

		STOCK PRICE						VOLUME				EARNINGS/SHARE					P/E	DIVIDENDS			FINANCIAL POSITION							
		Covering The Period 07/20/90 - 08/03/90												Latest 12 Months vs Preceding 12 Months Change		5-Year Annual Growth Rate	Profit Margin	Latest P/E Ratio	Indicated Divd. Rate		Last X-Divid. Date	Last Fiscal Year		Current Ratio	Last Fiscal Year (Per Share)		Last Balance Sheet Date	
Company (Exchange)	Symbol	High	Low	Close	Change		52-Week		Total Volume This Period	% Shrs. Out- standing	Average Daily Vol. Last 52 Week	Average Daily Vol. This Period	Amt.												Pct	Amt.		Yield
		\$	\$	\$	\$	%	\$	\$	(100)	%	(100)	(100)	\$	\$	%	%	-	\$	%	-	\$ Mil	\$ Mil	-	\$	\$	-		
Retailers																												
Gen Bldg Prods (O)	GBLD	1.50	1.00	1.19	-.06	-5.00	3.75	1.00	56	.14	22	6	-.84	-.32	S	NE	NC	-4.0	NE	.00	.0	00-00-00	81.8	-3.3	4.0	5.86	3.17	1189
Grossman's Inc (O)	GROS	5.50	4.38	4.38	-1.13	-20.45	8.13	3.75	12,822	4.91	1,638	1,282	.67	-.01	S	-1.9	NC	1.7	8.6	.00	.0	00-00-00	1052.1	17.6	1.8	3.36	4.48	1289
Hechinger A (O)	HECHA	12.63	10.25	10.38	-2.25	-17.82	19.75	10.00	7,533	3.68	1,015	753	NA	NA	NA	NA	NA	NA	.16	1.5	07-30-90	NA	NA	NA	NA	NA	NA	
Hechinger B (O)	HECHB	12.50	10.00	10.00	-2.25	-18.37	19.75	10.00	259	.07	51	26	.88	-.37	Q	-29.1	6	2.5	11.1	.06	.6	07-30-90	1229.6	31.0	2.6	4.63	11.00	0190
Home Depot (N)	HD	39.00	33.88	35.00	-4.88	-12.23	43.50	20.19	81,341	7.07	3,985	8,134	.95	.33	Q	45.8	53	4.1	33.3	.12	.3	07-16-90	2758.5	112.0	1.9	2.63	4.45	0190
K mart Co (N)	KM	35.50	31.75	32.25	-3.25	-9.15	44.88	31.75	48,059	2.41	5,524	4,806	1.61	-2.23	Q	-57.6	3	1.1	19.7	1.72	5.3	08-10-90	28533.0	323.0	1.8	.01	.02	0190
Lowe's Cos (N)	LOW	37.63	26.50	27.25	-9.50	-25.85	49.63	25.50	43,447	11.67	1,485	4,345	2.01	.38	Q	20.8	5	2.8	12.3	.52	1.9	07-11-90	2650.5	74.9	2.0	5.12	15.80	0189
NHD Stores (O)	NHDI	4.25	3.50	4.00	-.25	-5.88	8.50	3.50	169	1.30	29	17	.13	-.61	Q	-81.3	-16	4	28.6	.00	.0	09-16-86	55.3	2	2.4	4.87	7.39	0190
Sears, Roebuck (N)	S	34.25	32.38	32.50	-2.00	-5.80	47.00	32.38	53,543	1.56	6,232	5,354	4.30	.53	S	18.1	-1	2.8	9.4	2.00	6.2	05-25-90	53793.9	1508.5	1.8	29.30	39.77	1289
Std Bld Pnt (N)	SBP	11.88	10.00	10.38	-1.38	-11.70	18.00	10.00	1,076	1.88	104	108	.36	-.53	Q	-100.0	NC	1.2	NE	.00	.0	08-11-87	314.0	3.7	2.8	28.85	6.65	0189
Strober Organiz (O)	STRB	2.00	1.75	1.75	-.25	-12.50	6.50	1.75	366	.60	46	37	-.21	-.97	Q	-100.0	NC	-1.0	NE	.00	.0	00-00-00	127.7	-1.3	3.4	2.79	4.75	1289
Wolohan Lumber (O)	WLHN	18.00	17.00	17.00	-.63	-3.55	19.53	14.75	1,684	2.60	136	168	1.72	-.04	S	-2.2	32	4.1	9.7	.28	1.6	08-27-90	272.1	11.1	3.3	4.03	9.64	1289
Wholesalers																												
Hughes Supply (N)	HUG	14.63	13.00	13.13	-1.50	-10.26	19.88	13.00	217	.47	70	22	1.33	-.68	Q	-34.5	3	1.2	10.2	.36	2.7	07-30-90	529.9	6.4	3.0	16.30	18.25	0190
Manufacturers																												
Am Consumer (O)	ACPI	7.00	6.25	6.75	.00	.00	9.00	6.25	158	.62	47	16	.76	.07	Q	9.9	42	2.3	8.7	.00	.0	06-08-88	87.8	2.0	5.1	9.62	6.10	1289
Am Woodmark (O)	AMWD	5.88	5.25	5.25	-.13	-2.33	13.13	5.25	448	.64	50	45	.09	-.91	F	-91.0	-17	4	58.3	.00	.0	05-24-88	154.0	.6	2.0	4.24	4.58	0490
Armstrg Wrlld (N)	ACK	36.13	31.50	32.13	-2.88	-8.21	49.50	31.50	13,843	3.71	1,536	1,384	3.44	.52	S	14.9	14	6.6	8.0	1.16	3.6	08-06-90	2512.5	165.9	1.8	4.29	16.72	1289
Black & Decker (N)	BOK	16.38	14.00	14.75	-1.00	-6.35	24.88	12.63	34,659	5.63	2,721	3,466	.51	-2.00	S	-100.0	NC	.9	NE	.40	2.7	09-10-90	3190.3	30.0	1.3	44.64	12.23	0989
Boise Cascade (N)	BCC	37.50	29.50	36.38	3.88	11.92	48.00	29.50	20,071	5.29	1,226	2,007	6.19	-.262	S	-39.1	30	6.2	8.9	1.52	4.2	09-10-90	4338.0	267.6	1.4	38.34	32.56	1289
Catalina Lightg (A)	LTG	10.00	7.63	7.88	-2.00	-20.25	13.88	5.75	1,547	3.02	218	155	.63	.14	S	25.9	NC	4.8	11.6	.00	.0	00-00-00	54.6	2.6	1.8	24	4.58	0989
Champ Intl (N)	CHA	29.13	27.00	27.88	-1.25	-4.29	37.75	26.25	25,522	2.75	2,849	2,552	4.56	-1.48	S	-30.0	NC	8.4	8.1	1.10	3.9	06-11-90	5163.2	432.4	1.3	21.78	38.60	1289
Cooper Indus (N)	CBE	45.00	40.75	42.00	-3.00	-6.67	47.00	32.63	21,885	2.00	2,184	2,189	2.51	-.29	S	12.2	17	5.2	15.8	1.08	2.6	06-08-90	5129.4	267.8	1.6	16.82	24.75	1289
DeSoto Inc (N)	DSO	45.88	43.75	44.50	-1.38	-3.00	48.38	28.00	11,626	28.59	521	1,163	-2.53	-1.06	S	NE	NC	-2.5	NE	.40	.9	06-21-90	408.2	-10.2	1.3	12.30	21.21	1289
Georgia Pacific (N)	GP	47.50	43.50	45.00	-2.63	-5.51	62.00	38.88	27,312	3.20	2,569	2,731	7.42	.21	S	3.4	41	6.5	7.1	1.60	3.6	08-13-90	10171.0	661.0	2.0	27.00	31.40	1289
La Pacific (N)	LPX	36.25	34.13	34.25	-1.75	-4.86	45.25	34.13	9,894	2.62	1,048	989	5.04	.57	S	13.9	43	9.6	7.3	1.08	3.2	08-08-90	2009.5	192.6	3.6	13.93	30.95	1289
Macmillan Bloedel (O)	MMBLF	15.75	15.25	15.38	-.13	-.81	18.13	13.50	1,455	.14	409	146	1.96	-.95	S	-42.2	NC	7.5	11.8	.80	5.2	08-20-90	2826.8	213.0	11.7	1.45	10.86	1288
Manville Co (N)	MVL	7.00	6.63	6.63	-.50	-7.02	10.50	6.13	3,873	.81	477	387	1.48	2.05	S	NE	NC	9.0	5.3	.00	.0	00-00-00	2191.9	196.8	1.5	16.77	9.87	1289
Masco Corp (N)	MAS	24.38	22.63	22.63	-1.75	-7.18	29.88	22.63	34,094	2.19	3,022	3,409	1.42	-.59	S	-31.4	5	7.0	17.5	.56	2.5	07-16-90	3150.5	220.9	2.6	7.41	11.94	1289
Mor-Flo Inds (O)	MORF	5.13	4.75	4.75	-.50	-9.52	6.50	4.25	31	.12	11	3	-3.56	-1.80	Q	NE	NC	-4.2	NE	.01	.2	12-13-89	212.7	-9.0	2.0	16.50	10.05	1289
Newell Co (N)	NWL	31.50	24.25	25.75	-5.75	-18.25	35.50	18.25	19,732	3.34	1,195	1,973	1.41	-.39	S	31.0	28	7.6	15.6	.50	1.9	06-08-90	1122.9	85.4	1.6	1.70	7.61	1289
Nortek Inc (N)	NTK	3.75	2.75	3.13	.13	4.17	9.25	2.75	1,784	1.28	206	178	-2.08	-2.53	Q	-100.0	NC	-2.6	NE	.10	3.2	06-29-90	1080.2	-28.5	3.0	28.78	15.65	1289
Owens Cor (N)	OCF	23.50	21.50	21.75	-1.3	-5.7	36.88	20.50	9,743	2.32	1,015	974	4.08	-1.19	S	-24.4	NC	5.7	5.9	.00	.0	00-00-00	3000.0	172.0	1.0	29.76	-10.78	1289
Phy-Gem (A)	PGI	7.75	7.00	7.13	-.25	-3.39	14.13	7.00	1,666	1.59	169	167	.90	-.50	S	-47.2	3	2.0	12.7	.12	1.7	05-11-90	506.8	10.1	3.6	13.74	10.26	1289
Pope & Talbot (N)	POP	22.38	21.25	21.75	-.25	-1.14	29.75	21.25	3,121	2.65	253	312	3.70	.43	S	13.5	NC	7.0	6.0	.72	3.3	07-24-90	618.8	43.6	1.9	5.73	16.91	1289
Pottlatch Co (N)	PCH	41.63	39.50	40.50	-.50	-1.22	44.50	32.00	5,145	1.78	414	515	4.79	.60	S	13.6	32	11.1	8.1	1.20	3.0	08-13-90	1227.6	136.7	2.7	15.89	28.74	1289
PPG Inds (N)	PPG	53.88	49.25	50.00	-4.00	-7.41	55.25	37.00	21,043	1.93	1,676	2,104	4.18	.12	S	2.8	16	8.1	11.4	1.68	3.4	08-06-90	5734.1	465.2	1.5	10.82	20.98	1289
Rep Gypsum (N)	RGH	4.00	3.63	3.88	.25	6.90	5.13	3.38	232	.22	50	23	.23	-10	N	-43.5	-32	5.0	29.8	.00	.0	02-22-90	48.1	2.4	3.6	.86	3.04	0689
Sherwin-Wilms (N)	SHW	40.38	36.25	37.38	-2.25	-5.68	42.13	30.63	9,799	2.27	869	980	2.52	.29	S	12.1	10	5.1	13.9	.76	2.0	08-20-90	2123.5	108.9	2.0	2.43	15.48	1289
Stanley Works (N)	SWK	36.00	33.63	34.25	-.38	-1.08	40.00	32.00	3,589	.83	595	359	2.71	.08	S	3.1	9	6.0	12.8	1.08	3.2	06-05-90	1971.5	117.7	2.7	9.68	15.67	1289
Thos Inds (N)	TII	14.50	13.88	14.00	-.25	-1.75	20.88	13.88	704	.69	67	70	2.02	.02	S	1.2	6	4.7	8.2	.76	5.4	08-31-90	436.6	20.6	2.4	11.47	13.59	1289
Union Camp (N)	UCC	39.75	36.88	38.50	.25	.85	41.38	33.25	17,797	2.58	1,604	1,780	4.35	-.73	S	-16.0	23	10.8	10.0	1.56	4.1	08-28-90	2761.3	289.4	2.0	10.06	25.49	1289
USG (N)	USG	3.50	3.00	3.00	-.50	-14.29	5.63	2.88	4,194	.76	935	419	.51	-.60	S	-57.1	NC	1.3	6.7	.00	.0	00-00-00	2191.0	28.0	.9	41.75	-26.55	1289
Waxman Inds (N)	WAX	6.13	5.63	5.75	-.50	-8.00	11.00	5.50	413	.41	120	41	.80	.04	N	5.2	31	3.0	7.1	.12	2.1	06-04-90	241.4	7.3	2.5	21.17	2.94	0689
Weyerhaeuser (N)	WY	25.00	22.63	23.25	-1.63	-6.53	32.75	22.63	37,396	1.83	3,507	3,740	1.56	-1.58	S	-55.2	13	3.4	18.2	1.20	5.2							

Environment hot at L&G show

(Continued from page 2)
representing an overall 15 percent increase in attendance.

The biggest gain was found among the commercial mowing contractors and landscapers sector, in which attendance was up 124 percent. Ostensibly, they were attracted to the additional 500,000 outdoor square feet this year's Expo added for commercial outdoor power equipment.

To stay in Louisville

The popularity of the show is such that its sponsor, the Outdoor Power Equipment Institute, agreed in March to a five-year lease renewal in the Center, which plans to add a new 200,000-square-foot wing that will open next year.

OPEI had been contemplating moving the show to Cleveland, but was dissuaded by a poll taken last year that found showgoers favoring the cur-

rent locale.

Winding their way through the Expo among the crowds of professional landscapers, specialty retailers, and distributors were contingents from a number of discount and home center chains. There were 16 percent more dealer/retailers who hit the show this year, including officials from Sears, Wal-Mart, K mart, Hechinger, Home Depot, Lowe's and Builders Square.

Traditionally, these buyers use the Expo to get a sneak preview of products they will see at the Hardware Show in Chicago two weeks later. Many said they prefer doing business at the Expo over McCormick Place.

"I usually allot myself just 10 minutes per booth at the Hardware Show," said Ron Jones, a buyer for Builders Square's parent, K mart. "This show is a lot less frantic, and I'm able to get a lot more

accomplished with my suppliers here."

Environmental slant

Jones and the rest of the registrants noticed that the most visible among the outdoor products were mulching mowers, which have been around for the past 15 years but only recently have grown in market acceptance, and chipper-shredders, which also aid in recycling debris.

The latter offerings normally don't fall well within consumer price ranges. However, some were clearly mass-market oriented. For example, Wheeler displayed a prototype chipper-shredder that reportedly will be available within six months at around \$200.

By contrast, DIY-market gas-powered mulching mowers were in abundance, with models offered by Wheeler, MTD and Toro, among others.

And the selection per company was much broader than last year. Toro, for example, displayed six walk-behind mulching models this year, up from just two models in 1989.

An environmental focus was also evident among non-power exhibits. Bio Industries, a chemical company from Addison, Ill., featured the EnviroCare compost kit, designed to provide odor-free, non-toxic decomposition.

In an interesting twist on the environmental angle, Aquapore Inc., Phoenix, Ariz., unveiled the Moisture-Master Soaker Hose, a porous gardening hose that is made entirely out of recycled, used automobile tires.

Name changes

As well as serving as a forum to express suppliers' emphasis on the environment, this year's Expo was also something of a "coming-out" party for a few companies that have shifted ownership.

Allegretti & Co. made its debut as Paramount, a division of the W.C.I. subsidiary of AB Electrolux. McCulloch

made its first public appearance as a subsidiary of Shop Vac, and displayed its new Mac Vac garden vacuum as the first product of that union. And Ingersoll Equipment Co. stressed in its presentation that it is "the new Ingersoll," a unit of West German Rothenberger A.G.

Amid this fanfare were a couple of elements of corporate intrigue. McCulloch was forced by Black & Decker to change the name of its popular 18-inch chain saw from "Wildcat" to "MacCat," to avoid a copyright suit that would have involved B&D's Wildcat power drill.

And Duerr Inc., a small chipper-shredder manufacturer from Mead, Wash., fell prey to sabotage. Someone allegedly poured sugar into the gas tank of the company's newest product, the Model 288, which features a vacuum system to prevent debris kick-back.

"It was an unfortunate incident," said Duerr marketing representative Elwood Reim. "To our knowledge, ours was the only product affected." ♦

Index of Companies in This Issue

AB Electrolux	61
Ace Hardware	60
Allegheny Millwork and Lumber	47
Allegretti & Co.	61
Amarillo Hardware	1
Amdura	162
American Wholesale Hardware	48
A&N Hardware	44
Aquapore	61
Artesian	2
Bar Code Systems Inc.	7
Barnett Co.	160
Bio Industries	61
Black & Decker	56, 61
Boise Cascade	56
Broadway For Your Home	44
Broadway Industries	44
Buena Park Lumber	44
Builder Marts of America	23
Builders Discount	262
Builders Emporium	13, 16, 48
Builders Express	44
Builders Square	1, 2, 6, 7, 13, 16, 44, 45, 47, 61
Busy Beaver	47
Catalina Lighting	56
Central Hardware	7
Cindam Plastics	2
Clairson International	13, 16, 38
Coast to Coast	1
CoastAmerica	1
Community Hardware	47
Crafton Lumber	47
Crown	2
Dan L. Supplies	23
DAP	20
Disston	6
Dupont	20
Dutch Boy Paints	35
Dutton-Lainson	38
Dynapert	56
84 Lumber	47
Elfa	13, 16
Eliot Whittington Builders Supply	23
Elliott's Hardware	20
Emerson Electric	6
Emhart Corp.	56
Ernst	45
Fagen's	23
Farwell, Ozmun, Kirk	162
Formica	20
Fujitsu Ltd.	7
Gambles Hardware	62

Ganahl Lumber	48
Gemini Industries	35
Generac Corp.	21
General Electric	20
Geocel Corp.	6
Georgia-Pacific	7
Globe	1
Gold Bond	26
Goldblatt	26
Great Ace Hardware	13
Grossman's	3, 6, 56, 62
Hain Wolf	20, 21
Hammond Lumber	8
Handy Hardware Wholesale	62
Harmon's ServiStar	47
Hechinger	13, 47, 61
Hirsh	13
HoM	6, 8
Home Depot	1, 8, 13, 20, 61, 60
HomeClub	8, 45
ICL	7
Ingersoll Equipment	61
Innovis Interactive Technologies	3, 62
InterMetro	13, 16
James Lumber	48
Johnson Level and Tool	26
Kaufman Lumber	26
K mart	2, 7, 26, 61
Knox Lumber	26
Kohler	2, 49
Lampert Lumber	6
Lee/Rowan	13, 16
Liberty Distributors	1, 62
Longview ServiStar Hardware	44
Louisiana-Pacific	3, 18
Lowe's	3, 21, 48, 56, 61, 60
Lumber & Supply	26
Macklanburg Duncan	20
Majestic Tools	2
Marvic	20
McCoys	26
McCulloch	61
McLendon Hardware	44, 45
Merrillat	2
MiTek Industries	18
MiTek Wood Products	18
Moore ServiStar Builders Supply	3, 47
Morrison Brothers	23
MTD	61
National Home Center	26
National Lumber	6
National Manufacturing	38
Never-Mar	20

NHD Stores	8
Nuway Distributors	2
Osmose Wood Preserving	3, 62
Our Own Hardware	1, 62
Owens-Corning	26
Pace Membership Warehouse	2
Panama Machine & Supply	23
Paramount	61
Pay 'N Pak	8, 45
Payless Cashways	1, 44
Pergament	23
Pierson's Building Center	43, 44
Pintchik's	16
Price Club Warehouse	2
Pro Hardware	62
Rickel	6, 8
Rollier's	47
Roseburg Forest Products	60
Rothenberger A.G.	61
Sandvik Saws and Tools	6
Sanford Truss Plant	48
Schulte Corp.	13, 16
Scotty's	26
Sears	61
Seidler/Amdec	62
Seigle's Home and Building Centers	45
Selzer Group	2
ServiStar	1, 47
Shidler/Holman	62
Shop Vac	61
Skil Corp.	6
Spencer Products	38
Stambaugh-Thompson	26
STC PLC	7
Sunbelt Plastics	26
Supermarkets General	6, 8
Sutherland Lumber	26, 44
Synkoloid Company	35
Tennessee Millwork	48
Thomasville Millwork	48
Thurman Industries	8
Toro	61
Trus Joist	60
Trustworthy	1, 62
TSS	23
United Hardware	1, 62
USCO	49
Wally's True Value	44
Wal-Mart	61
Weyerhaeuser	3, 62
Wheeler	61
Whit Davis Lumber-Plus	26
Wickes Companies	62

Advertisers Index

Amerock	27
Andersen	28, 29, 50
Buffalo Tool	48, 32
Central Builders Supply	50, 33
CertainTeed	36, 37, 26
Cole Sewell	49, 33
Crawford Products	16, 9
Credo	23, 18
Design Technology	39, 28
Croft Metals/Design	19, 15
Custom Building Products	14, 15, 8
Dutch Boy	30, 21
Genova	64, 38
Georgia Pacific	4, 5, 1
Gidden	35, 23

Grisham Corp.	22, 17
Gusdorf	12, 7
Hunter	18, 12
Keystone Franklin	7, 3
Knauf Fiber Glass	7, 4
Laminations	26, 20
Lampi Corp.	51, 34
Lane Publications	61, 36
Macco Adhesives	35, 24
Manvill Sales Corp.	24, 25, 19
MW Manufacturing	9, 5
National Manufacturing	40, 41, 29
National Store Fixtures	7, 2
Owens Corning	10, 11, 6
Owens Corning	54, 55, 35
Owens Corning	53, 35
Pak-Mix	18, 13

Panasonic	35, 25
Peerless Faucet	42, 30
Quikrete	46, 31
Quikrete	47
Stanley Hardware	31-34, 22
States Industries	38, 27
Steel City	17, 10
Telecheck Services	63, 37
Visa	20, 21, 16
W.W. Henry	18, 14
Waxman Industries	18, 11

This index has been compiled for the convenience of our advertisers and readers. While every precaution is taken to prevent mistakes, the publishers cannot be held responsible for errors or omissions.

National Home Center News (ISSN 0192-6772) is published 23 times a year, twice a month, monthly in December, beginning with the second Monday in January; by Lebhar-Friedman Inc., 425 Park Ave., New York, NY 10022. Subscriptions are available at no charge to qualified retailers and wholesalers of lumber and building supplies and hardware. Paid subscriptions are available to nonqualifying retailers and wholesalers, and to manufacturers and others at \$69 per year in the U.S.; \$79 per year to Canada; \$219 per year to all other countries (air mail only). Group subscriptions available in the U.S. (1-4 copies, \$69; 5-19 copies, \$64; 20 or more copies, \$59). Single rate copy is \$3 except last two May issues (Annual Census Issues) \$30 each, \$50 for both.

Second class postage paid at New York, N.Y., and additional mailing offices. Vol. 16, No. 16, Copyright© 1990 by Lebhar-Friedman Inc. All rights reserved. Postmaster: Please send address changes to Subscription Dept., National Home Center News, Grand Central Station, P.O. Box 3118, New York, N.Y. 10164-0659. For change of address six weeks is requested. Give old and new address and zip code. If possible, enclose address portion from cover on previous issue.

Vol. 16, No. 16

August 20, 1990

Project Ideas & Know How

The best way to increase your product sales!

When you increase the D-I-Y competence and confidence level of your customers, you increase their capacity and willingness to buy your store's products.

Teaching how-to skills and providing project ideas is our only business and has been for more than 50 years. Expertise you can rely on... and profit from.

Sunset is not only the best how-to information source available, it is the most profitable! Sunset inventory turns 5 to 6 times per year, for a GMROI of 3.0 or better.

Bring D-I-Y know-how and projects to your customers and you'll sell more tools and materials... guaranteed!

We offer IN-STORE SERVICE, FREE DISPLAYS, and CO-OP ADVERTISING.

Call us today at: (800) 227-7346.

In California: (800) 321-0372.

Sunset
BOOKS & VIDEO

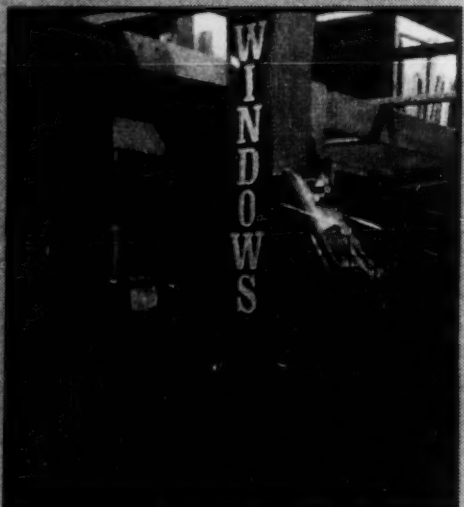
© Lane Publishing Co.

Circle 036 on Reader Service Card

National Home Center News®

Vol. 16, No. 17 S3 a copy The Journal of News & Trends for Home Improvement Retailers, Co-ops & Wholesalers. Published by Lebhar-Friedman Inc. September 3, 1990

buying & selling



Window displays open category 27
Fiberglass doors on the upswing 27
Merchandising Digest 38
Ad Angles 42
New Products . . .61-63



Sutherland Lumber: Old and new coexist 65
Systems & Operations 78
Firm makes workers work out to lower health costs 80

Health care costs . . .83
Stocks 84

ServiStar invades the Soviet Union

Member to open 8 units in Moscow by 1991



Smitty's Lumberteria, Alexandria, Va., penned the deal that will bring the first hardware stores to Russia.

By an NHCN staff editor

BUTLER, Pa. — Look closely at the Soviet flag in months to come. You may find a ServiStar logo on the hammer and sickle, because one of the co-op's 3,700 members has just signed a joint venture deal on its behalf with the intention of opening some eight ServiStar units in the Soviet Union by 1991.

The principal partners under this agreement are Nelson Smith, the 65-year-old owner of two-unit Smitty's Lumberteria of Alexandria, Va., and 38-year old Gennady Guretsky, a Russian entrepreneur and di-

rector of InterstroyProgress, the engineering and commercial arm of the U.S.S.R. State Building Committee Affairs.

Together, they will distribute American-marketed hand and power tools, hardware, and lumber and building materials through a retail operation, the working title of which is Star Progress.

The agreement, whose financial terms were not disclosed, was signed August 22 at the Hyatt Dulles Airport. Members of the press, and both ServiStar and non-ServiStar suppliers attended.

The retail force will be deployed in three phases:

- Effective September 1,

Smith and Guretsky have 30 to 60 days to set up in a product showroom one sku each of a limited number of lines provided by vendors that currently ship ServiStar in the U.S.

The time frame is defined by how long it is expected to take the Baltic Ship Lines to move product by boat and truck from Philadelphia through Leningrad to Moscow.

The showroom, which Guretsky owns, is called The Business Centre, and already displays general merchandise from over 160 different companies worldwide. Russian consumers and professionals

(Continued on page 94)

Top chains pledge their support of Affordable Housing Coalition

By John Caulfield

CHICAGO — Five of the industry's leading retailers have pledged \$300,000 over the next three years in support of the Affordable Housing Coalition.

Payless Cashways, Hechinger, Home Depot, Lowe's

and Builders Square (through its parent K mart) will each commit \$20,000 per year for the next three years to the Coalition, a group of dealers and suppliers dedicated to identifying and supporting private- and public-sector efforts to build affordable housing.

At a morning meeting conducted during last month's Hardware Show, David Stanley, Payless' chairman, said he "fully expected" matching funds from suppliers and fellow retailers. The Coalition's goal is to raise \$1 million.

(Continued on page 90)

Local hardware exec turns hero in midst of Kuwait invasion

By John Sinisi

INDIANAPOLIS — A local hardware executive and his colleague were transformed into heroes as a result of the attack by Iraq on Kuwait last month.

Gregory Hauca, director of American operations for a chain of three hardware stores and two hardware-supermarket combination units in Kuwait called The Sultan Center, and Joe Anderson, operations manager for the chain's grocery side and a native of Dayton, Ohio, helped a female health and beauty aids buyer

(Continued on page 9)



Gregory Hauca, director of American operations for The Sultan Center in Kuwait, safely at home with his wife Anne, daughter Laurie and son Christopher.

Photo: John Starkey/Black Star

Somerville names new president

By an NHCN staff editor

WALTHAM, Mass. — A 30-year retail veteran has been named the new president and ceo of Somerville Lumber.

Max Clark will take control of the 10-unit, \$200 million chain on Sept. 5. He fills a position vacated by David Cohen, the 36-year-old son of Somerville's chairman Melvin Cohen, who left the company in January for a job as a sales and marketing executive with PlyGem Industries.

Clark, 56, joined Payless Cashways, Somerville's parent company, in March 1988 first as a troubleshooter and then as district manager in Sacramento, Calif., overseeing Payless' Lumberjack stores there.

Prior to that, Clark held senior vp-operations positions with the Builders Emporium and Ole's chains in southern California; he also spent

(Continued on page 90)

National (pg. 6) & Diamond (pg. 94) on the brink

Retailers 'ease the squeeze' of rising health care costs

By Jay Scansaroli

Double-digit escalation in health care costs has home center retailers rightfully worried.

While some report annual increases in the 10 percent range, a rate they attribute to a young and healthy employee population, others expect price tags on their health benefits packages to rise at least 20 percent in 1990. Coming on the heels of comparable rate hikes last year, it is a trend they fear will continue.

Indeed, with industry ex-

benefits take advantage of the company's PPO program, reports Hoffman.

They can "swing" from the traditional plan to the PPO every time they go to the doctor, he explains, in contrast to the typical one-year commitment one had to make in order to participate in the HMO.

Also in 1986, the company adopted numerous cost-containment features—such as guidelines for second surgical opinions and incentives for outpatient surgery.

While all health benefits—including medical, dental, vision and prescription—were previously available at no charge, in 1986, employees began to contribute \$20 a month to cover one or more dependents. This move encouraged employees from two-income households to choose between the Dixieline plan and that of a spouse, thus keeping a lid on unnecessary double coverage.

Despite these farsighted measures, Hoffman projects his health care costs could surge some 23 percent in 1990.

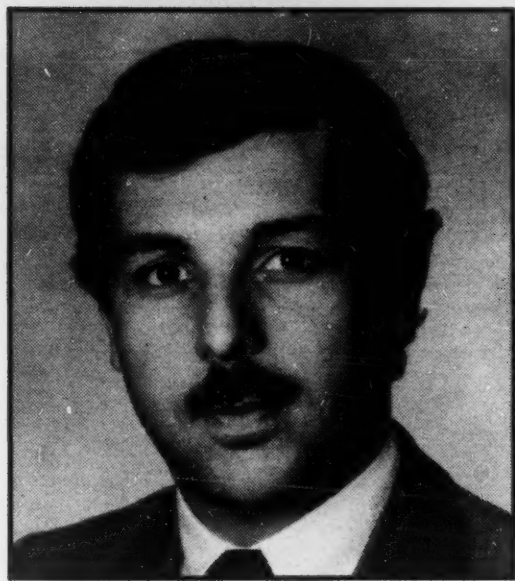
Atlanta-based Home Depot, which provides health benefits to some 12,000 of its estimated 17,000 full-time employees, very recently added a PPO option to its traditional major medical health plan, reports James Murray, director of risk management.

The Home Depot PPO is based on doctor and hospital discounts, ranging from 10 to 25 percent. Employees, who contribute 20 percent under the existing plan, pay 20 percent of that reduced bill when using the PPO.

Also designed to ease its employees' increased health-care burden, in January 1989 Home Depot changed the way in which employees enrolled in its major medical plan make their contributions. Previously done on a post-tax basis, they now set aside a portion of their salary, pre-tax, under Section 125 of the Tax Code.

In contrast, Dixieline's Hoffman hesitates to get involved with a Section 125 program, which can be used for benefits ranging from covering deductibles to child care. "It can be a great help," he concedes. "But the government keeps changing its mind. I'm afraid it could become an administrativenightmare."

—Jay Scansaroli is a partner, Arthur Andersen's Retail Practice in New York.



Jay Scansaroli

perts tallying the nation's annual medical bill at approximately \$540 billion (some 11 percent of the total economic output), leaders of America's most prestigious corporations remain less than optimistic about their ability to contain costs.

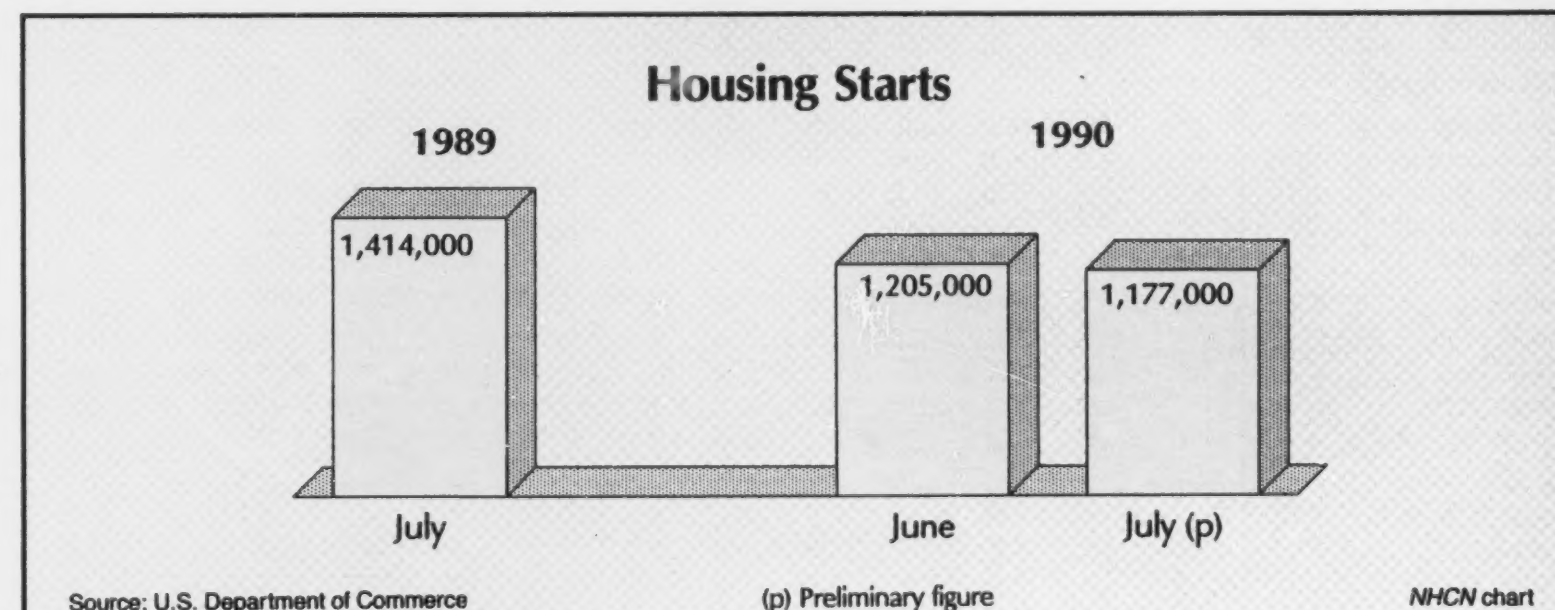
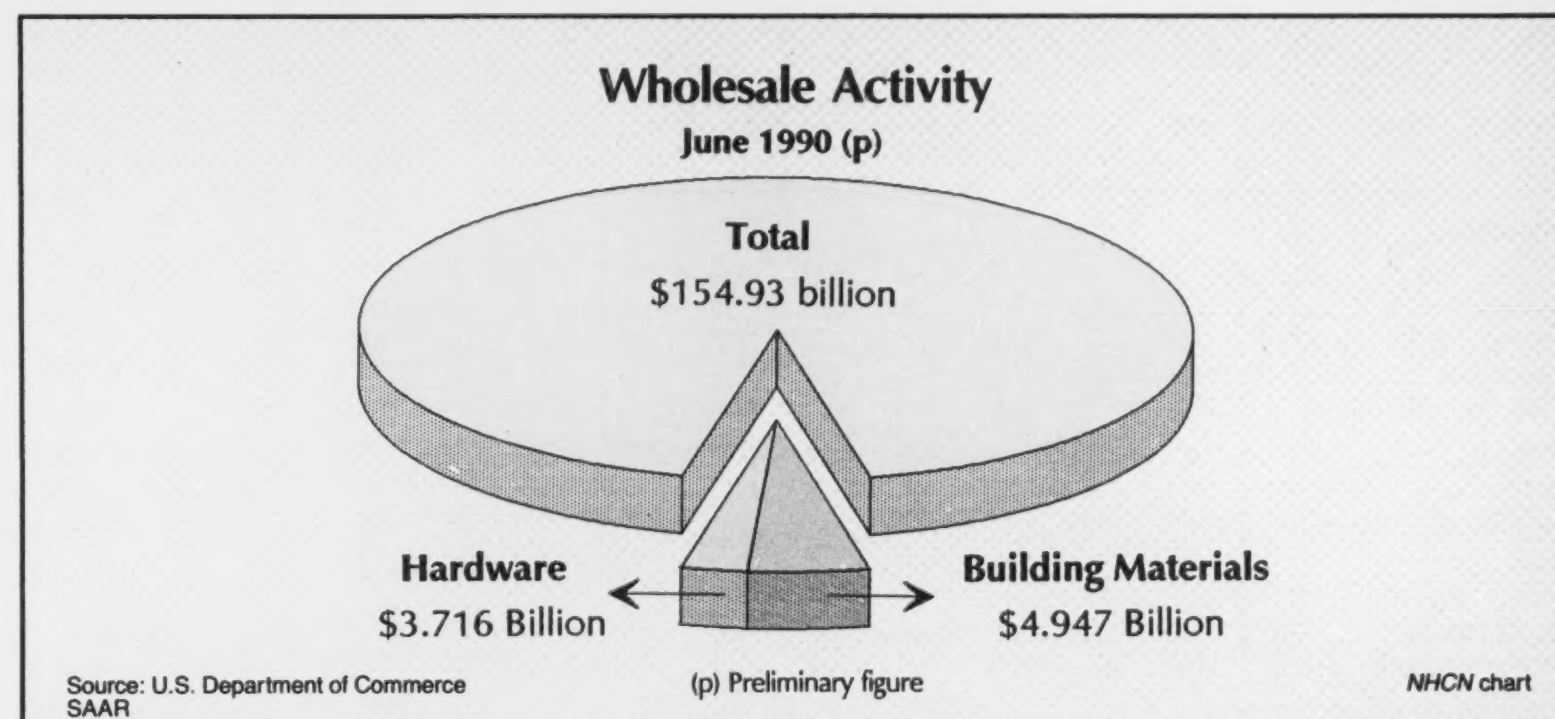
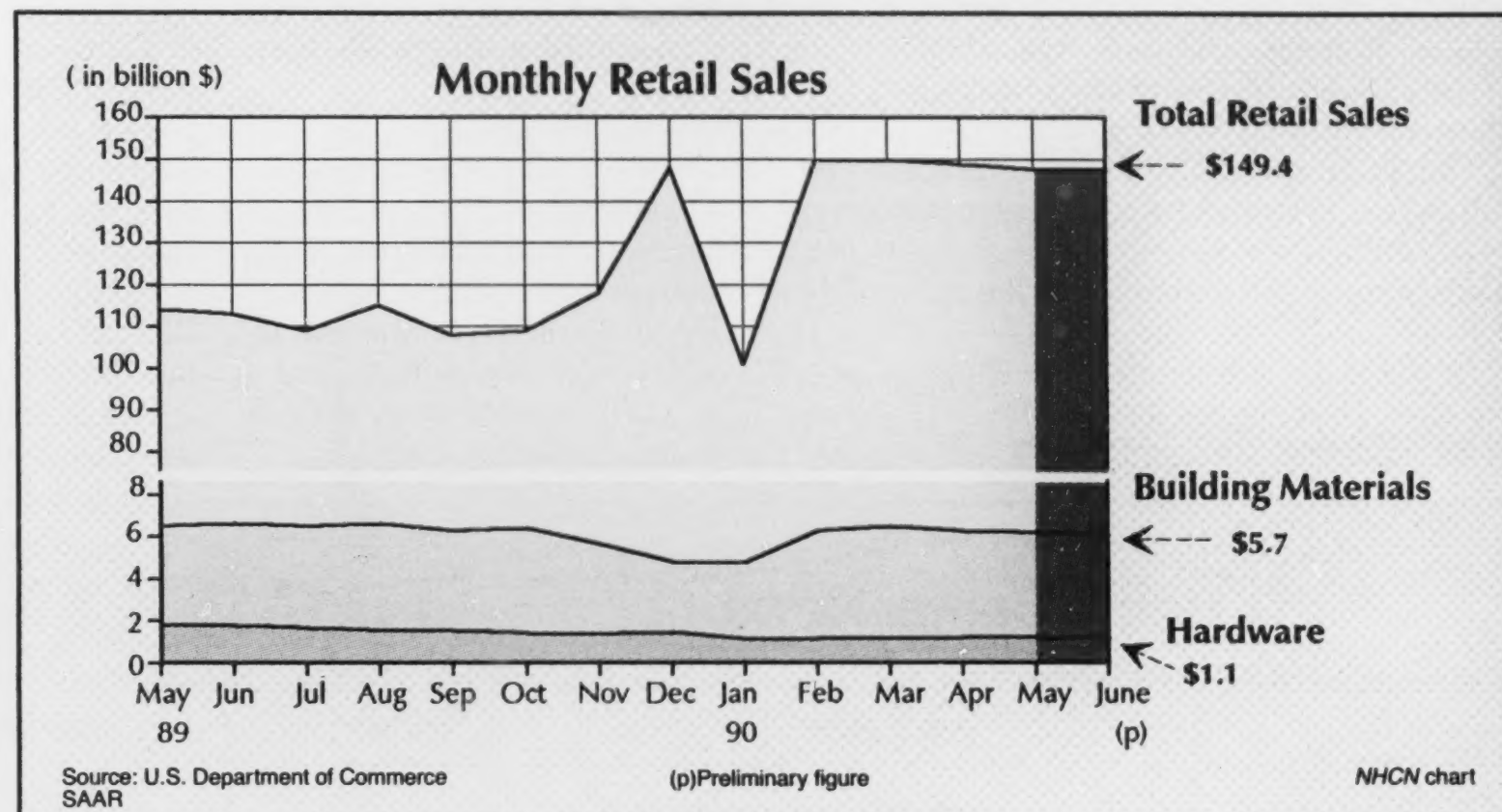
So, what's a retailer to do? How can you tighten those health-care screws while still offering competitive health benefits packages? Here are three ways to ease the squeeze:

- Institute more stringent guidelines to existing programs, making them more cost efficient;
- Pass some of the rising costs along to employees;
- Offer the option of a Health Maintenance Organization (HMO) or a Preferred Provider Organization (PPO).

San Diego's Dixieline Lumber has tried all three of the above. For instance, the ten-unit chain, which boasts a very generous health plan, has been extremely progressive and aggressive in offering employees managed-care health plans, reports Warren Hoffman, director of personnel.

The company instituted the more flexible PPO network in 1986, after several years with an HMO option. Today, some 63 percent to 70 percent of the 870 full-time Dixieline employees eligible for health

Retail sales in the month of June were up slightly from the previous month, based on preliminary data supplied by the Commerce Department. However, while wholesale sales overall improved marginally, activity in the hardware and building products sectors was off.



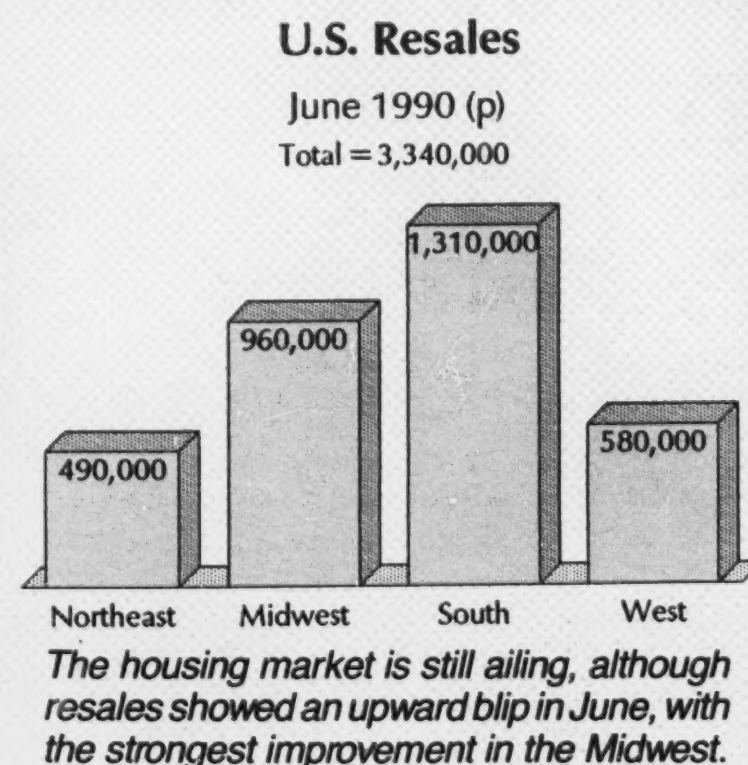
Housing Affordability

	National Total	
	JUNE 1989	JUNE 1990 (p)
Affordability Index Composite*	99.4	102.9
Median Price Existing Home	\$93,500	\$97,500
Average Mortgage Rate	10.59%	10.16%
Payment as Percentage of Income	25.1%	24.3%
Median Family Income	\$32,895	\$34,250
Qualifying Income	\$33,085	\$33,300

*The affordability index is based on the five criteria listed above.

Source: National Association of Realtors (p) Preliminary figure

NHCN chart



NHCN chart

Downturn in economy no detriment to Depot in second quarter

By an NHCN staff editor

ATLANTA — Despite the nation's slowing economy and the poor performance of many retailers, the Home Depot's second quarter financials show a continued stellar performance.

For the three months ended July 29, the chain's earnings rose 53 percent to \$47.2 million, or 39 cents per share. Sales jumped 41 percent to \$990 million.

In the first half of 1990, the chain's volume increased 39 percent to \$1,871,222,000. Home Depot's earn-

ings performance was equally impressive: its net income was up 51 percent to \$85,856,000, or 71 cents per share.

During the latest quarter its stores averaged \$612,000 per week in sales, on a weighted basis. The company transacted 28,500 customer sales, which averaged \$34.75 per customer, compared to \$33.24 in the same quarter a year ago.

For the first six months, the 126-unit company's comparable store sales were up 12 percent and annualized inventory turnover was 6.3 percent—up from 6.2 percent last year.

Home Depot opened four stores during the quarter, in Knoxville, Tenn., East Mesa, Ariz., and Thousand Oaks and Santa Ana, Calif.

Mid-East crisis takes Wall St. hostage

The stock market is in free-fall, and home improvement industry issues are feeling the effects.

Only two companies—MacMillan Bloedel and Nortek—showed any gains in their stock price during the two-week period ended Aug. 17, a time when the crisis in the Middle East was clubbing Wall Street.

The irony of these declines is that they rarely corresponded with the financial performance of the companies being tracked for NHCN by Media General. For example, for the nine months ended June 30, Catalina Lighting's sales rose 63 percent, and its net income jumped 33 percent; its stock price in the most recent two weeks, when these results were released, fell nearly 32 percent to \$5.38 per share.

On the retail side, General Building Products took a severe hit in this period, losing nearly three-fifths of its market value and ending the two weeks at 50 cents a share.

Hechinger A stock managed to stay flat at \$10.38, as the chain was about to open its first two warehouse stores in New England.

Gainers
2

Unchanged
2

Losers
39

National Home Center News

HOME CENTER MARKET SUMMARY

		STOCK PRICE						VOLUME				EARNINGS / SHARE					P/E	DIVIDENDS			FINANCIAL POSITION							
		Covering The Period 08/03/90 - 08/17/90												Last Fiscal Year	Latest 12 Months vs Preceding 12 Months Change		5-Year Annual Growth Rate	Profit Margin	Latest P/E Ratio	Indicated Divd. Rate		Last X-Dvd. Date	Last Fiscal Year		Current Ratio	Last Fiscal Year (Per Share)		Last Balance Sheet Date
Company (Exchange)	Symbol	High	Low	Close	Change		52-Week		Total Volume This Period	% Shrs. Out-standing	Average Daily Vol. Last 52 Week	Average Daily Vol. This Period	Amt.		Pct	Amt.				Yield	Revenue		Earnings	Long Term Debt		Common Stock Equity		
		\$	\$	\$	\$	%	\$	\$	(100)	%	(100)	(100)	\$	\$	%	%	-	\$	%	-	\$ Mil	\$ Mil	-	\$	\$	-		
Retailers																												
Gen Bldg Prods (O)	GBLD	.50	.50	.50	-.69	-57.89	3.50	.50	3	.01	15	0	-.84	-.32	S	NE	NC	-4.0	NE	.00	.0	00-00-00	81.8	-3.3	4.0	5.86	3.17	1189
Grossman's Inc (O)	GROS	5.13	3.75	4.13	-.25	-5.71	8.00	3.75	21,145	8.09	1,639	2,115	.67	-.01	S	-1.9	NC	1.7	8.1	.00	.0	00-00-00	1052.1	17.6	1.8	3.36	4.48	1289
Hechinger A (O)	HECHA	11.38	9.50	10.38	.00	.00	19.63	9.50	7,472	3.65	1,017	747	NA	NA	NA	NA	NA	NA	.16	1.5	07-30-90	NA	NA	NA	NA	NA	NA	
Hechinger B (O)	HECHB	11.25	9.50	9.75	-.25	-2.50	19.25	9.50	307	.08	51	31	.88	-.37	Q	-29.1	6	2.5	10.8	.06	.6	07-30-90	1229.6	31.0	2.6	4.63	11.00	0190
Home Depot (N)	HD	37.50	32.00	33.88	-1.13	-3.21	43.50	20.19	72,302	9.42	4,144	7,230	.95	.38	S	47.5	55	4.1	28.7	.12	.4	08-23-90	2758.5	112.0	1.9	2.63	4.45	0190
K mart Cp (N)	KM	32.00	26.13	27.25	-5.00	-15.50	44.88	26.13	58,389	2.92	5,514	5,839	1.61	-2.23	Q	-57.6	3	1.1	16.6	1.72	6.3	08-10-90	29533.0	323.0	1.8	.01	.02	0190
Lowe's Cos (N)	LOW	30.38	25.00	25.63	-1.63	-5.96	49.63	25.00	16,983	4.56	1,514	1,698	2.01	-.38	Q	20.8	5	2.8	11.6	.52	2.0	07-11-90	2650.5	74.9	1.9	4.51	17.33	0190
NHD Stores (O)	NHDI	4.00	3.50	4.00	.00	.00	8.50	3.50	202	1.55	29	20	.13	-.61	Q	-81.3	-16	.4	28.6	.00	.0	09-16-86	55.3	.2	2.4	4.87	7.39	0190
Sears, Roebuck (N)	S	32.50	28.88	28.88	-3.63	-11.15	46.38	28.88	82,778	2.41	6,325	8,278	4.30	.53	S	18.1	-1	2.8	8.3	2.00	6.9	08-21-90	53793.9	1508.5	1.8	29.30	39.77	1289
Std Bld Pnt (N)	SBP	10.75	9.63	9.63	-.75	-7.23	17.25	9.63	512	.89	93	51	.36	-.53	Q	-100.0	NC	1.2	NE	.00	.0	05-11-87	314.0	3.7	2.2	26.85	6.59	0190
Strober Organiz (O)	STRB	2.00	1.25	1.63	-.13	-7.14	6.50	1.25	301	.50	45	30	-.21	-.89	S	-100.0	NC	-1.0	NE	.00	.0	00-00-00	127.7	-1.3	3.4	2.79	4.75	1289
Wolohan Lumber (O)	WLHN	17.00	16.25	16.25	-.75	-4.41	19.53	14.75	453	.70	137	45	1.72	-.04	S	-2.2	32	4.1	9.3	.28	1.7	08-27-90	272.1	11.1	3.3	4.03	9.64	1289
Wholesalers																												
Hughes Supply (N)	HUG	13.00	11.50	11.50	-1.63	-12.38	19.88	11.50	385	.83	67	39	-1.33	-.68	Q	-34.5	3	1.2	8.9	.36	3.1	07-30-90	529.9	6.4	3.0	16.30	18.25	0190
Manufacturers																												
Am Consumer (O)	ACPI	6.50	5.50	6.00	-.75	-11.11	9.00	5.50	157	.62	47	16	.76	-.03	S	-4.1	35	2.3	8.6	.00	.0	06-08-88	87.8	2.0	5.1	9.62	6.10	1289
Am Woodmark (O)	AMWD	5.75	4.75	5.00	-.25	-4.76	13.13	4.75	203	.29	46	20	.09	-.91	F	-91.0	-17	.4	55.6	.00	.0	05-24-88	154.0	.6	2.0	4.24	4.58	0490
Armstrng Wrld (N)	ACK	32.50	30.25	31.00	-1.13	-3.50	48.00	30.25	12,249	3.29	1,513	1,225	3.44	.52	S	14.9	14	6.6	7.7	1.16	3.7	08-06-90	2512.5	165.9	1.8	4.29	16.72	1289
Black & Decker (N)	BOK	14.25	12.75	12.88	-1.88	-12.71	24.88	12.63	26,227	4.26	2,696	2,623	.51	-2.00	S	-100.0	NC	.9	NE	.40	3.1	09-10-90	3190.3	30.0	1.3	44.64	12.23	0989
Boise Cascade (N)	BCC	38.25	31.25	31.50	-4.88	-13.40	48.00	29.50	34,956	9.21	1,321	3,496	6.19	-2.62	S	-39.1	30	6.2	7.7	1.52	4.8	09-10-90	4338.0	267.6	1.4	38.34	32.56	1289
Catalina Lghtg (A)	LTG	8.38	5.13	5.38	-2.50	-31.75	13.88	5.13	3,629	7.17	215	363	.63	.07	N	12.5	NC	4.8	8.5	.00	.0	00-00-00	54.6	2.6	1.8	.24	4.58	0989
Champ Intl (N)	CHA	27.50	26.00	26.25	-1.63	-5.83	36.88	26.00	54,501	5.86	2,941	5,450	4.56	-1.48	S	-30.0	NC	8.4	7.6	1.10	4.2	09-11-90	5163.2	432.4	1.3	21.78	38.60	1289
Cooper Indus (N)	CBE	43.50	39.88	40.50	-1.50	-3.57	47.00	32.63	16,225	1.48	2,154	1,623	2.51	.29	S	12.2	17	5.2	15.2	1.08	2.7	09-11-90	5129.4	267.8	1.6	16.82	24.75	1289
DeSoto Inc (N)	DSO	45.00	42.50	43.75	-.75	-1.69	48.38	28.00	2,014	4.95	521	201	-2.53	-1.06	S	NE	NC	-2.5	NE	.40	.9	06-21-90	408.2	-10.2	1.3	12.30	21.21	1289
Georgia Pacific (N)	GP	45.25	41.00	42.00	-3.00	-6.67	62.00	38.88	24,118	2.83	2,579	2,412	7.42	.21	S	3.4	41	6.5	6.7	1.60	3.8	08-13-90	10171.0	661.0	2.0	27.00	31.40	1289
La Pacific (N)	LPX	34.25	31.38	31.63	-2.63	-7.66	45.25	31.38	11,012	2.92	1,042	1,101	5.04	.57	S	13.9	43	9.6	6.8	1.08	3.4	08-08-90	2009.5	192.6	3.6	13.93	30.95	1289
Macmillan Bloedel (O) ..	MMBLF	15.50	15.00	15.50	.13	.81	18.13	13.50	2,732	.27	394	273	1.96	-.95	S	-42.2	NC	7.5	11.9	.80	5.2	08-20-90	2826.8	213.0	11.7	1.45	10.86	1288
Manville Cp (N)	MVL	6.63	6.38	6.50	-.13	-1.89	10.50	6.13	4,124	.86	454	412	1.48	2.05	S	NE	NC	9.0	5.2	.00	.0	00-00-00	2191.9	196.8	1.5	16.77	9.87	1289
Masco Corp (N)	MAS	22.38	20.50	20.75	-1.88	-8.29	29.88	20.50	37,786	2.43	3,022	3,779	1.42	-.59	S	-31.4	5	7.0	16.1	.56	2.7	07-16-90	3150.5	220.9	2.6	7.41	11.94	1289
Mor-Flo Inds (O)	MORF	5.06	4.50	4.50	-.25	-5.26	6.00	4.25	128	.51	11	13	-3.56	-2.08	S	NE	NC	-4.2	NE	.01	.2	12-13-89	212.7	-9.0	2.0	16.50	10.05	1289
Newell Co (N)	NWL	27.63	23.75	24.88	-.88	-3.40	35.50	18.25	18,670	3.16	1,222	1,867	1.41	.39	S	31.0	28	7.6	15.1	.50	2.0	08-09-90	1122.9	85.4	1.6	1.70	7.61	1289
Nortek Inc (N)	NTK	3.38	2.75	3.38	.25	8.00	8.63	2.75	1,762	1.27	199	176	-2.08	-1.94	S	NE	NC	-2.6	NE	.10	3.0	06-29-90	1080.2	-28.5	3.0	28.78	15.65	1289
Owens Corning (N)	OCF	21.50	18.50	18.88	-2.88	-13.22	36.88	18.50	6,721	1.60	1,005	672	4.08	-1.19	S	-24.4	NC	5.7	5.1	.00	.0	00-00-00	3000.0	172.0	1.0	29.76	-10.78	1289
Ply-Gem (A)	PGI	7.13	6.63	6.88	-.25	-3.51	14.13	6.63	1,542	1.47	169	154	.90	-.50	S	-47.2	3	2.0	12.3	.12	1.7	08-13-90	506.8	10.1	3.6	13.74	10.26	1289
Pope & Talbot (N)	POP	21.50	18.88	19.00	-2.75	-12.64	28.38	18.88	2,626	2.23	252	263	3.70	.43	S	13.5	NC	7.0	5.2	.72	3.8	07-24-90	618.8	43.6	1.9	5.73	16.91	1289
Pottlatch Cp (N)	PCH	39.63	36.25	36.38	-4.13	-10.19	44.50	32.00	2,755	.95	411	276	4.79	.60	S	13.6	32	11.1	7.3	1.20	3.3	08-13-90	1227.6	136.7	2.7	15.89	28.74	1289
PPG Inds (N)	PPG	51.00	44.75	46.13	-3.88	-7.75	55.25	37.00	23,892	2.20	1,704	2,389	4.18	.12	S	2.8	16	8.1	10.6	1.68	3.6	08-06-90	5734.1	465.2	1.5	10.82	20.98	1289
Rep Gypsum (N)	RGC	3.88	3.50	3.75	-.13	-3.23	5.00	3.38	603	.57	51	60	.23	-.10	N	-43.5	-32	5.0	28.8	.00	.0	02-22-90	48.1	2.4	3.6	.86	3.04	0689
Sherwin-Wms (N)	SHW	36.75	33.75	34.25	-3.13	-8.36	42.13	30.63	9,283	2.15	847	928	2.52	.29	S	12.1	10	5.1	12.8	.76	2.2	08-20-90	2123.5	108.9	2.0	2.43	15.48	1289
Stanley Works (N)	SWK	33.88	30.63	32.00	-2.25	-6.57	40.00	30.63	5,805	1.35	585	581	2.71	.08	S	3.1	9	6.0	12.0	1.08	3.4	06-05-90	1971.5	117.7	2.7	9.68	15.67	1289
Thos Inds (N)	TII	14.25	13.38	13.50	-.50	-3.57	20.88	13.38	774	.76	68	77	2.02	.02	S	1.2	6	4.7	7.9	.76	5.6	08-31-90	436.6	20.6	2.4	11.47	13.59	1289
Union Camp (N)	UCC	37.75	32.50	33.75	-4.75	-12.34	41.38	32.50	18,801	2.73	1,620	1,880	4.35	-.73	S	-16.0	23	10.8	8.8	1.56	4.6	08-28-90	2761.3	299.4	2.0	10.06	25.49	1289
USG (N)	USG	3.25	2.75	2.88	-.13	-4.17	5.63	2.75	9,092	1.65	930	909	.51	-.60	S	-57.1	NC	1.3	6.4	.00	.0	00-00-00	2191.0	28.0	.9	41.75	-26.55	1289
Waxman Inds (N)	WAX	5.63	4.63	5.00	-.75	-13.04	11.00	4.63	542	.54	119	54	.80	.04	N	5.2	31	3.0	6.2	.12	2.4	06-04-90	241.4	7.3	2.5	21.17	2.94	0689
Weyerhaeuser (N)	WY	22.63	20.50	20.75	-2.50	-10.75	32.75	20.50	42,980	2.10	3,477</																	

N.Y. distributor opens outlet

(Continued from page 8)
ing and conference rooms and a contractor desk with experienced staff.

There is Keith Smith, for example, a former contractor who does residential take offs, and Harold Foster, with 22 years experience in building pole barns.

But even to the contractor the store has an upscale feel. The octagonal service counter, which also serves consumers, is made of over 100 feet of DuPont Corian countertop, with oak trim, which was hand-routed by a local contractor.

K&B a big part of store

The store also stocks between \$30,000 and \$40,000 of specialty products, Kohler, Alumax shower doors, Elkay stainless steel sinks and Pace vanities.

The kitchen and bath department is a vital part of the store. It lies across the main aisle from hardware and electricals and occupies 2,000

square feet, displaying nine different kitchens.

"It's laid out like a maze so that the customer's curiosity brings him to the next corner," said Risavi.

There is also a separate ceramic tile center at the back of the department.

Double doors lead from the 17,000-square-foot showroom area into a warehouse which Risavi describes as a "secondary showroom" with lumber, trim, sheet rock, shingles and vinyl siding.

In addition, a covered drive-through area—80 by 380 feet—is stacked with pressure-treated lumber and plywood. Contractors serve themselves and consumers can have the product loaded here and escape the elements.

Now that the store is up and running, Ochs is happy to turn his attention back to the main wholesaling business, which generated \$27 million last year. He hopes to open a third treating plant in 1991. ♦



Spacious displays add to the upscale look of Builder's Best's showroom.

NHCN photo

National Home Center News (ISSN 0192-6772) is published 23 times a year, twice a month, monthly in December, beginning with the second Monday in January; by Lebhar-Friedman Inc., 425 Park Ave., New York, NY 10022. Subscriptions are available at no charge to qualified retailers and wholesalers of lumber and building supplies and hardware. Paid subscriptions are available to nonqualifying retailers and wholesalers, and to manufacturers and others at \$69 per year in the U.S.; \$79 per year to Canada; \$219 per year to all other countries (air mail only). Group subscriptions available in the U.S. (1-4 copies, \$69; 5-19 copies, \$64; 20 or more copies, \$59). Single rate copy is \$3 except last two May issues (Annual Census Issues) \$30 each, \$50 for both.

Second class postage paid at New York, N.Y., and additional mailing offices. Vol. 16, No. 17, Copyright© 1990 by Lebhar-Friedman Inc. All rights reserved. Postmaster: Please send address changes to Subscription Dept., National Home Center News, Grand Central Station, P.O. Box 3118, New York, N.Y. 10164-0659. For change of address six weeks is requested. Give old and new address and zip code. If possible, enclose address portion from cover on previous issue.

Vol. 16, No. 17

September 3, 1990

Project Ideas & Know How

The best way to increase your product sales!

When you increase the D-I-Y competence and confidence level of your customers, you increase their capacity and willingness to buy your store's products.

Teaching how-to skills and providing project ideas is our only business and has been for more than 50 years. Expertise you can rely on... and profit from.

Sunset is not only the best how-to information source available, it is the most profitable! Sunset inventory turns 5 to 6 times per year, for a GMROI of 3.0 or better.

Bring D-I-Y know-how and projects to your customers and you'll sell more tools and materials... guaranteed!

We offer IN-STORE SERVICE, FREE DISPLAYS, and CO-OP ADVERTISING.

Call us today at:
(800) 227-7346.

In California:
(800) 321-0372.

Sunset
BOOKS & VIDEO

© Lane Publishing Co.

Circle 058 on Reader Service Card

Index of Companies in This Issue

Abitibi-Price	38	Fruehauf Companies	71	Our Own Hardware	8
Accent Millworks	61	GardenAmerica	10	Oxwall	8
Ace Hardware	4,8,10,12,94	GB-Inno-BM	6	Pace	92
Adam Wholesalers	30	G.E. Lighting	12	PanelStore Products	38
All American Home Center	30,90	Gemini Industries	63	Parks Corp.	8
Alumax	92	General Building Products	84	Payless Cashways	1,4,38,42,67,71
Amdura	6	General Electric	12	Peachtree	4,27,35
Amerock	12	Georgia-Pacific	38	Pelican Building Center	32
Andersen Corp.	35	Glidden	40	Pella Windows	34
Andersen Windows	27	Habitat for Humanity	90	Performance Factors	78
Armstrong Flooring	40	Handy Andy	4,6,90	Philips Lighting	12
Atlas	8	Hardware Hank	6	Pleasants Hardware	76
Bestway	8	Hardware Wholesalers Inc.	10,30	Ply Gem	1,61,76
Black & Decker Canada	72	Hechinger	1,4,38,84,90	Power Master	8
Black & Decker	4,10,90	Home Depot	1,4,8,10,38,40,83,90	Pozzi Windows and Doors	34,35
Black Millwork	35		94,94,90	PPG Industries	10
BMC West	94	Home Quarters Warehouse	4,90	Premdor Inc.	72
Braun Canada	72	HomeClub	94	Price Plaster	4,10
Budget Power	42	House Mart	66,67,71	PrimeSource	4
Builderama	90	Hurd Millwork	30,34	Pro Housewares Distributors	90
Builder's Best	8	Jacuzzi	40	Proctor & Gamble	10
Builders Emporium	90	Keller Industries	34	Quakermaid	8
Builders Express	6	K mart	1,6	Red Thumb	36
Builders Square	1,94	Kohler	8,92	Royal Tools	8
California Hardware	25	Kwikset	10,12	Royal United	8
Candu Trading & Associates	72	Lawn-Boy	72	Saint Gobain	90
Canterbury	38	LDR Industries	90	Scotty's	36
Caradco Windows	35	Lebovitz Wholesale	90	Sears	6,90,94
Carver-Tripp	8	Leeds Building Products	4	Sentry Hardware	25,90
Catalina Lighting	84	Liberty Distributors	90	ServiStar	1,4,6,90,94
Causeway Lumber	36	Lindsay Lumber	36	Skil	10
Central Builders Supply	4	L&L Nursery Supply	25	Smitty's Lumberteria	1
Central Hardware	6,90	Lowe's	1,4,6,25,36,42	Somerville Lumber	1,38,76
Century Manufacturing	62	Lumbermen's	42	Standard Lumber	32
Channel	8,38	MacMillan Bloedel	84	Stanley Works	90
Chase-Pittkin	10	Magic American Corp.	63	Stanley	40,90
Chesapeake Hardwood Products	38	Majestic	8	Star Progress	1
Chicago Mercantile Exchange	4	Marville	40	Strober Organization	32
Choctaw Partners	67,71	Marley Mouldings	38	Sultan Center	1,9
Cimarron Lumber	70	Marvin Windows	35	Sunshine Industries	90
City of Hope	4,10	Masco Corp.	10,90	Sutherland Lumber	42,65,66,67,70,71,72
CoastAmerica	6	McCoy's	66	The Atlas Group	8
Corian	92	Menard's	38	The Business Centre	1
Coronet Regal	72	Miami-Carey	10	Tom's Garden World	25
Cotter & Co.	94	Michigan General Corp.	4,94	Toro	72
Crate Deals	67,72	Mirolin Industries	72	True Temper	10
Crissey-Fowler Lumber	32	Miron Building Products	4	Trus Joist	80
Dash Electric	90	Monsanto Company	25	Trustworthy	6
Datapoint	71	Moore Push Pin	72	United Hardware Distributors	6
D.H. Howden	72	Moore's	4	U.S. Garden Supply	90
Diamond Lumber	4,94	Moser Lumber	32	Valli & Colombo	12
Dixieline Lumber	83	Mr. Goodbuys	90	Venture	90
Douglas Lumber	30	Myro Inc.	72	Wei-Mart	6,25
Eagle Hardware & Garden	4	Nassau-Suffolk Lumber	8	Waxman Industries	6,90
Eagle Lumber	94	National Home Center	94	Weelock	90
Eastern Safety Equipment	63	National Lumber	6,94	West Building Materials	4,38
84 Lumber	66	Nautilus Co.	90	Westlake Hardware	4
Elkay	92	New Pig Corp.	62	Westlake Lumber	36
Farnsworth Group	25	Newberry's	8	Weyerhaeuser	72
Farwell, Ozmun, Kirk	6	Newell	90	WGBH	8,94
First Alert	12,61	Nortek	84	Wickes Lumber	4
Foam Factory	62	Northeastern Lumber	27	Wing Industries	10
Franklin International	27	Ole's	10,90	Witte Hardware	6,90
Fred Meyer	25	O'Malley's	4	Wright Products	27

Advertisers Index

Genova	96,60	Newell	44,34
Georgia-Pacific	2,3,10	Noma Outdoor Products	68,69,40
Glidden	80,48	Ohio Sealants	85,54
GSW Thermoplastics	77,45	Olympic Stain	17-24,20
Hunter	79,47	Owens Corning	56,7,2
Keystone Franklin	61,35	Owens Corning	73-75,43
Knauf	61,37	Peerless Faucet	7,12
Kraftmaid	41,32	PrimeSource	S16,9
Laminations, Inc.	S14,17	Ralph Wilson Plastics	S9,3
Lampi	81,53	Simpson Strong-Tie	S13,5
Lana Publications	92,58	Simpson Strong-Tie	80,52
Larson Mfg.	37,28	Stanley	78,46
Lee Rowan	72,42	Steel City	11,16
Louisiana-Pacific	14,15,18	TeleCheck	5,11
Lyons Industries	33,25	United States Gypsum	39,30
Macco Adhesives	80,49	Visa Business Card	62,63,38
Makiki Electronics	36,27	W.W. Henry	80,51
McCulloch	13,17	Walter H. Weeber Sons	36,26
Merillat	82,55	Waxman	9,15
Miami-Carey	86,56	This index has been compiled for the convenience of our advertisers and readers. While every precaution is taken to prevent mistakes, the publishers cannot be held responsible for errors or omissions.	
MW Mfg.	26,21		
National Mfg.	9,14		
National Store Fixtures	9,13		
NBMDA Supplement	45-60,6		

National Home Center News®

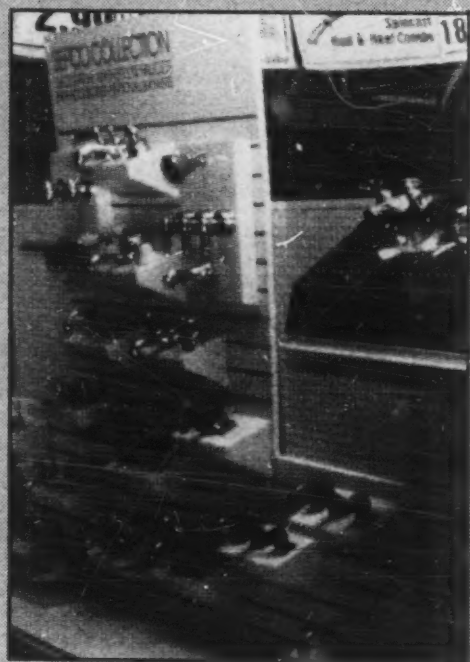
Vol 16, No. 18

\$3 a copy

The Journal of News & Trends for Home Improvement Retailers, Co-ops & Wholesalers. Published by Lebhar-Friedman Inc.

September 17, 1990

buying & selling



Low-end faucets make a comeback 9
Consumers demand tub surround choices . . . 9
New Products . . 9,42,46
Ad Angles 37
Merchandising Digest 40



Vendor consolidation eases buying headaches 51
Systems & Operations 58

West South Central States 61
Stocks 66

Shaky economy stokes anxiety

Gulf crisis rattles consumer confidence

By an NHCN staff editor

NATIONAL REPORT — An outbreak of peace in the Persian Gulf could unleash the buying power among consumers who are delaying purchases because of the tension in the Middle East.

A national survey conducted last month found nearly 30 percent of those polled felt "threatened" by the Persian Gulf crisis, which began when Iraq invaded Kuwait on Aug. 2.

These same respondents expected a downturn in the U.S. economy because of this situation that would lead to lower incomes, higher prices and more layoffs.

The extent of this anxiety is such that a 53-year-old office worker told Leo J. Shapiro & Associates, a Chicago-based marketing research firm which conducted this survey, that she'd even postpone purchases like clothing and food.

(Continued on page 68)

Percentage who feel they will be worse off because of the Middle East crisis in the following ways*:

	YES	NO
May have layoff in coming months	43%	36%
Income will decrease in the next year	13	7
Income will keep pace with prices	27	31
Expect harder to get by next year	63	46
Expect to be worse off next year	23	16

*Taken from the 28 percent of the 450 people polled who said they are "very concerned for themselves" due to the crisis

Source: Leo J. Shapiro & Associates

NHCN Chart



Retailers are reluctant to expand credit to contractors as home building woes continue. Above, a contractor making a purchase at Barr Lumber in Costa Mesa, Calif.

Dealers impose restraints on home builder credit

By Gary S. Ruderman

NATIONAL REPORT — Retailers around the country are holding a "conservative" line on their credit policies to builders, and are warier than ever of economic factors that make their customers greater credit risks.

The tumbling of the home building market, the crumbling of consumer confidence due to the Persian Gulf crisis, and the numbing fraud uncovered in the savings and loan industry that's affecting all

borrowing have contributed to retailers' taking a firmer stand against going beyond their basic credit terms.

"I tell my customers that you can ask me for anything in terms of quality and service; just don't ask for 60-day terms," said Anthony Matrumalo, general manager of Eastern Lumber in Amesbury, Mass.

Tight credit in all areas

Matrumalo is not alone in defending his credit policies to builders and remodelers. Credit managers and other retail officials say they are keeping credit tight, even in areas where building is strong.

In the Northeast, for example, the economy may have slacked off but East-

(Continued on page 68)

National Lumber bites the dust

By an NHCN staff editor

FOUNTAIN VALLEY, Calif. — National Lumber & Supply finally succumbed to the inevitable and asked a federal bankruptcy court to allow the company to liquidate its assets to pay creditors.

After shrinking the chain to two units from 21 stores in just four months, it became obvious to creditors and National management that the "new" National Lumber was not succeeding. On Aug. 29, the board of directors of the pub-

licly traded company decided to seek a liquidation solution.

Store operations continued, according to a manager of one of two remaining stores in Encinitas and Cathedral City, Calif. But NHCN was unable to reach buyers or other staff members at the chain's central office. An assistant to the president said Max Robuck, vp-merchandising and advertising, was still with the company. Marty Schaeffer, executive vp and coo, was let go last

month (NHCN, Sept. 3).

In a prepared statement, the retailer said the "continued deterioration" of its cash position and the "failure of [the] principal secured lender to continue funding operations" were causes for the conversion of the Chapter 11 protection from creditors filed April 3 in federal court in Santa Ana, Calif. National's lender, Fidelcor, is owed approximately \$8 million.

National's decision to liquidate came days before a simi-

lar action would have been forced by trade creditors, who are owed \$18 million, according to sources.

A federal trustee will be named to liquidate the chain.

A prepared statement from National's public relations firm states that company chairman Mel Jaffee wants to buy the remaining two stores from the creditors and that others are bidding for some of National's closed sites. Jaffee could not be reached for comment. ♦

HQ opens in Boston with fanfare—pg. 3

West South Central: Region steps out of recession

Building material sales are surging in the West South Central states as the region recovers from its localized recession. Sales are apt to be up about 4.0 percent this year, in contrast to the 2.9 percent national average. Last year sales increased 6.5 percent versus a national increase of 1.4 percent.

New housing markets are on the rise in the West South Central states rather than facing a decline as in the rest of the nation, especially in the Northeast.

Overbuilding in the West South Central region during the early 1980s slashed housing demand in subsequent years so that the market has now stabilized after falling dramatically from 1983 to 1988. The region saw a small upturn last year with additional gains in the first half of 1990. Multi-units, in particular, were exceptionally soft in the retrenchment period due to overbuilding and soft employment gains.

Resales, a leading indicator for future building material sales, have



Richard E. Mount



shown a strengthening pattern over the last three quarters in contrast to the weakness in other areas.

Employment growth is slower than the national average due to weakness in finance. The banking industry remains extremely pressured because of questionable real estate loans made during the 1980s. Construction, however, is up 1 percent while the national average shows no change. Services, the major area of strength for the region, is up 5.6 percent from a year ago.

Total retail sales are advancing at about the national average this year and last after being sharply below the norm during 1986-1988.

Population distribution does not favor the do-it-yourself market. The West South Central has a higher proportion of the under-24 age groups, and a smaller proportion of the over 25 groups. This lowers overall demand per average household but does not restrict future sales growth.

Recent developments in the Middle

East will serve to keep the area stronger than the nation in the near future. It appears that crude oil prices will stabilize at about \$25 a barrel, up from about \$19. This assumes that the rest of the world can make up the short fall from Iraq and Kuwait, and that no further hostilities break-out.

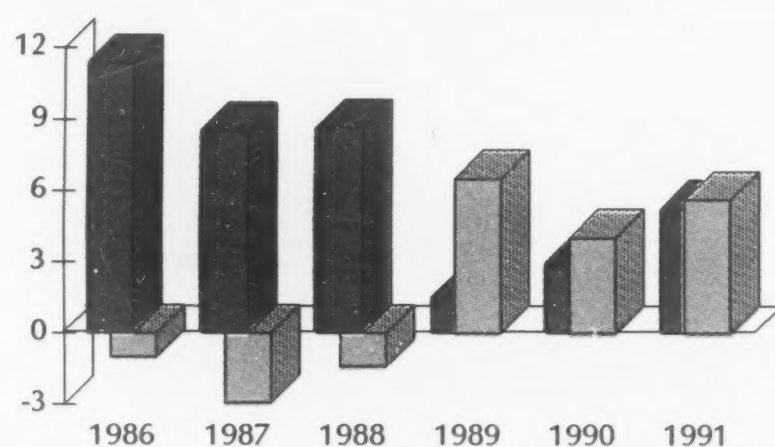
Other countries are stepping up their crude output as well. World oil stocks are high, and inventories can be reduced to more normal levels until higher production makes up any shortage. It will not be until winter that oil consumption accelerates, giving the world time to prepare.

Higher energy prices will increase drilling activity in the West South Central states, boosting employment, incomes and retail sales. For building material retailers, gains in the these states' economy will keep this market strong through 1991.

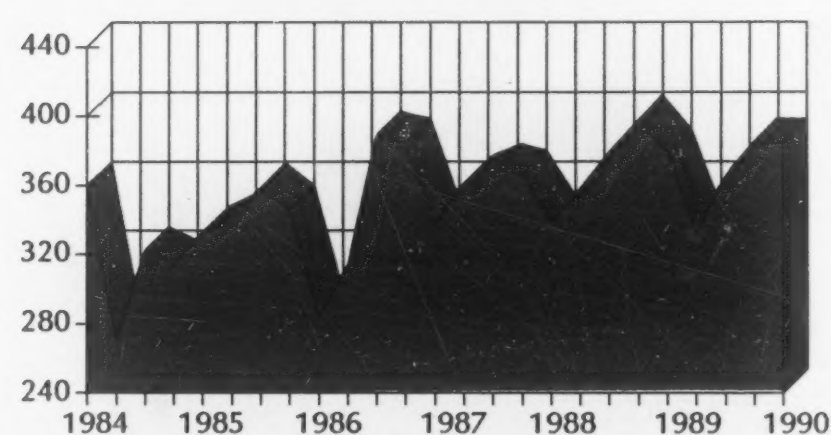
Richard Mount is president and chief economist with Mount Economic Consulting

market momentum

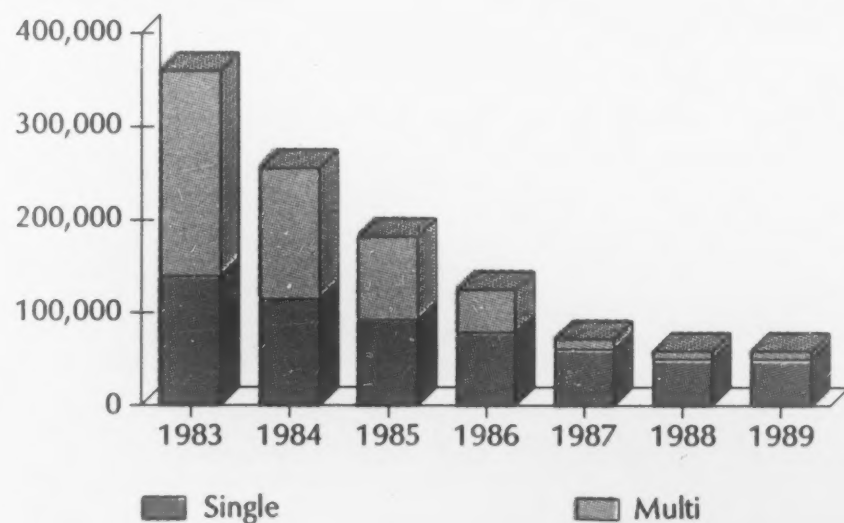
Building Material Sales Percent Change



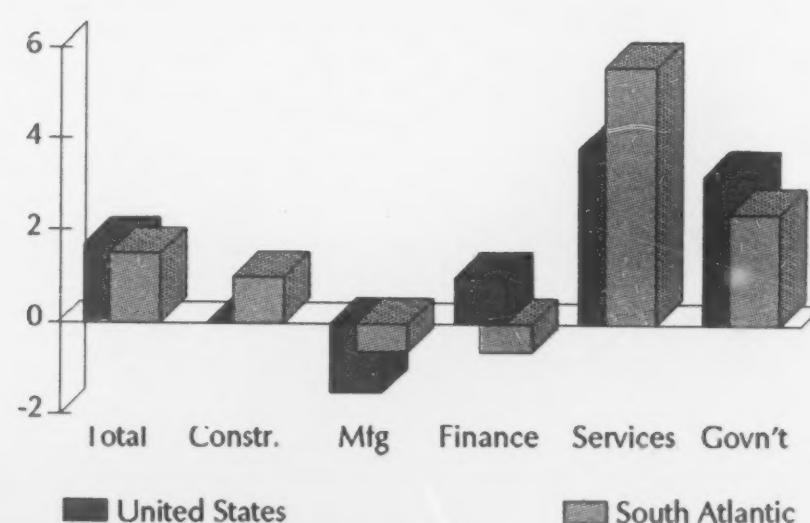
West South Central Resales
(000 units, SAAR)



West South Central Residential Permits

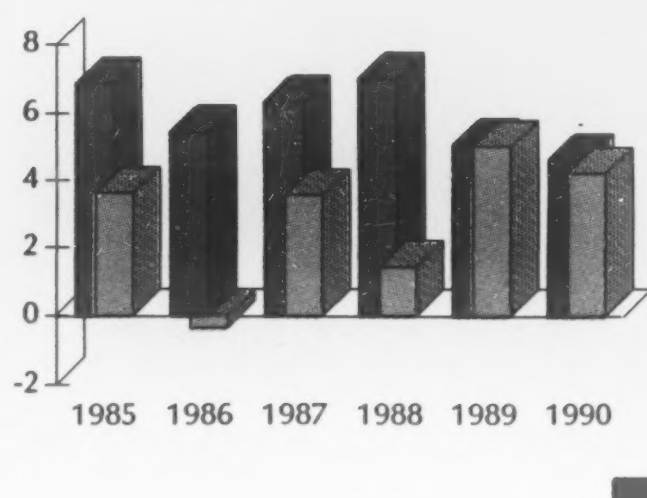


Employment Percent Change, Year Ago

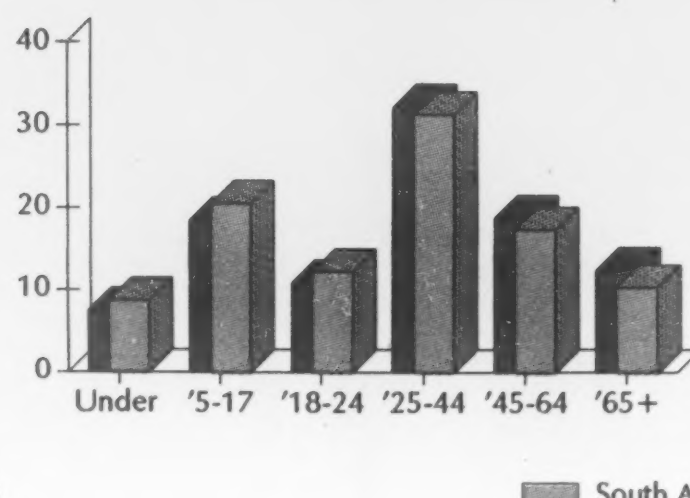


the bigger picture

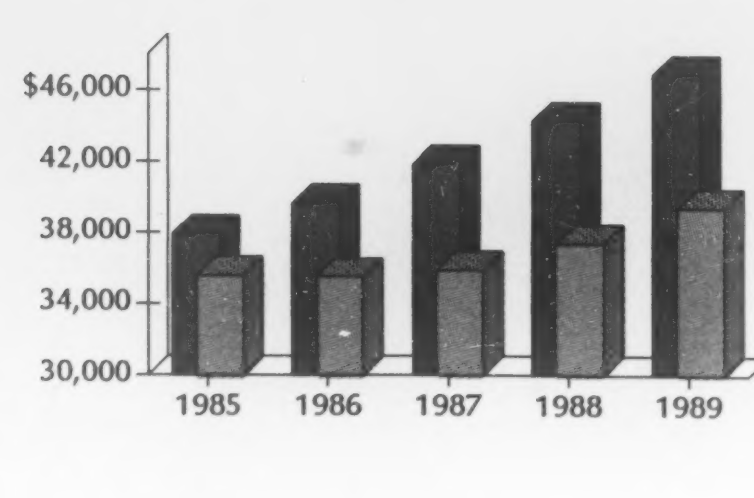
Total Retail Percent Change



Population Distribution



Household Income



Hechinger continues upward growth in second quarter

By an NHCN staff editor

LANDOVER, Md. — Hechinger continued its rebound, as sales and earnings rose strongly for the three months ended August 4.

Net sales increased 15.7 percent to \$389.7 million for the quarter, while net income jumped 10.3 percent to \$10.8 million, or 30 cents per share.

However, comp-store sales for stores opened more than one year were flat.

For the first six months of its fiscal year, Hechinger's volume increased 20

percent to \$734.3 million and comp-store sales were up 4 percent. Earnings grew 12.3 percent to \$19.2 million, or 53 cents per share.

The company has under construction Home Quarters Warehouse units in Brockton, Mass., scheduled to open later this year, and in Portland, Maine, and Shrewsbury, Mass., slated for spring 1991 openings. Late next year, the company will have its first stores in New Hampshire and Rhode Island opened in, respectively, Manchester and Attleboro outside Providence.

Last month, the company opened an HQ in Denbigh, Va., bringing its total in the Tidewater area to five. Hechinger says it will have 50 HQ Warehouses opened within three years.

Industry feeling heat of recession

The invasion of Kuwait by Iraq, coupled with indications of economic recession in many parts of the U.S., conspired to keep stock prices of home improvement companies tamped down.

For the two weeks ended Aug. 31, only five of 43 stocks tracked for NHCN by Media General showed gains, and these were mostly marginal. Newell Cos., the acquisitive-minded conglomerate, saw its stock jump by \$1.13 per share to \$26. And on the retail side, there were two surprises: Sears, whose erratic earnings performance has left investors cold, and General Building Products, whose stock has been tumbling all summer, each showed modest gains in their period.

But mostly, it's been more of the same bad news for dealers, wholesalers and manufacturers. Both Wolohan Lumber and Lowe's each witnessed their stocks falling by \$1.50 to, respectively, \$14.75 and \$24.13 per share. Cooper Industries and Boise Cascade each incurred a \$3.13 per share drop. And Stanley Works' stock lost \$2.63 in value to close at \$29.38.

Gainers
5

Unchanged
4

Losers
34

National Home Center News

HOME CENTER MARKET SUMMARY

		STOCK PRICE				VOLUME				EARNINGS / SHARE				P/E	DIVIDENDS			FINANCIAL POSITION										
Company (Exchange)	Symbol	Covering The Period 08/17/90 - 08/31/90												Last Fiscal Year	Latest 12 Months vs Preceding 12 Months Change		5-Year Annual Growth Rate	Profit Margin	Latest P/E Ratio	Indicated Divd. Rate		Last X-Dvd. Date	Last Fiscal Year		Current Ratio	Last Fiscal Year (Per Share)		Last Balance Sheet Date
		High	Low	Close	Change		52-Week		Total Volume This Period	% Shrs. Out-standing	Average Daily Vol. Last 52 Week	Average Daily Vol. This Period	Amt.		Pct	Amt.				Yield	Revenue		Earnings	Long Term Debt		Common Stock Equity		
					Amt	Pct	High	Low																				
		\$	\$	\$	\$	%	\$	\$	(100)	%	(100)	(100)	\$	\$	%	%	%	\$	%	-	\$ Mil	\$ Mil	-	\$	\$			
Retailers																												
Gen Bldg Prods (O)	GBLD	1.00	.75	.81	.31	62.50	3.13	.50	247	.63	16	25	-.84	-.32	S	NE	NC	-4.0	NE	.00	.0	00-00-00	81.8	-3.3	4.0	5.86	3.17	1189
Grossman's Inc (O)	GROS	4.50	3.38	3.50	-.63	-15.15	7.50	3.38	13,553	5.19	1,614	1,355	.67	-.01	S	-1.9	NC	1.7	6.9	.00	.0	00-00-00	1052.1	17.6	1.8	3.36	4.48	1289
Hechinger A (O)	HECHA	10.63	9.13	9.50	-.88	-8.43	16.50	9.13	8,569	4.18	969	857	NA	NA	NA	NA	NA	NA	.16	1.7	07-30-90	NA	NA	NA	NA	NA	NA	
Hechinger B (O)	HECHB	10.50	9.25	9.75	.00	.00	16.50	9.25	449	.13	50	45	.88	-.21	S	-18.4	5	2.5	10.5	.06	.6	07-30-90	1229.6	31.0	2.6	4.63	11.00	0190
Home Depot (N)	HD	35.63	28.63	33.88	.00	.00	43.50	20.19	92,316	12.02	4,369	9,232	.95	.38	S	47.5	55	4.1	28.7	.12	.4	08-23-90	2758.5	112.0	1.9	2.63	4.45	0190
K mart Co (N)	KM	29.13	26.50	27.88	.63	2.29	43.13	26.13	48,175	2.41	5,227	4,818	1.61	-2.12	S	-56.1	2	1.1	16.8	1.72	6.2	08-10-90	29533.0	323.0	1.8	.01	.02	0190
Lowe's Cos (N)	LOW	26.13	20.88	24.13	-1.50	-5.85	49.63	20.88	18,783	5.04	1,540	1,878	2.01	.26	S	13.4	6	2.8	11.0	.52	2.2	07-11-90	2650.5	74.9	1.9	4.51	17.33	0190
NHD Stores (O)	NHDI	4.13	3.75	3.75	-.25	-6.25	8.50	3.50	1,235	9.47	33	124	.13	-.61	Q	-81.3	-16	.4	26.8	.00	.0	09-16-86	55.3	.2	2.4	4.87	7.39	0190
Sears, Roebuck (N)	S	30.25	27.63	29.25	.38	1.30	45.63	27.63	75,598	2.20	6,423	7,560	4.30	.56	S	19.1	-1	2.8	8.4	2.00	6.8	08-21-90	53793.9	1508.5	1.8	29.30	39.77	1289
Std Bld Pnt (N)	SBP	9.63	8.75	8.88	-.75	-7.79	17.13	8.75	1,564	2.73	96	156	.36	-.53	Q	-100.0	NC	1.2	NE	.00	.0	08-11-87	314.0	3.7	2.2	26.85	6.59	0190
Strober Organiz (O)	STRB	1.75	1.38	1.38	-.25	-15.38	6.25	1.25	290	.48	41	29	-.21	-.89	S	-100.0	NC	-1.0	NE	.00	.0	00-00-00	127.7	-1.3	3.4	2.79	4.75	1289
Wolohan Lumber (O)	WLHN	16.75	14.75	14.75	-1.50	-9.23	19.53	14.75	409	.63	136	41	1.72	-.04	S	-2.2	32	4.1	8.4	.28	1.9	08-27-90	272.1	11.1	3.3	4.03	9.64	1289
Wholesalers																												
Hughes Supply (N)	HUG	11.63	11.13	11.50	.00	.00	19.88	11.13	425	.98	62	43	1.33	-.67	S	-35.8	1	1.2	9.6	.36	3.1	07-30-90	529.9	6.4	3.0	16.30	18.25	0190
Manufacturers																												
Am Consumer (O)	ACPI	6.00	5.00	5.50	-.50	-8.33	8.50	5.00	611	2.41	49	61	.76	-.03	S	-4.1	35	2.3	7.9	.00	.0	06-08-88	87.8	2.0	5.1	9.62	6.10	1289
Am Woodmark (O)	AMWD	4.88	3.88	4.50	-.50	-10.00	9.88	3.88	427	.61	45	43	.09	-1.03	Q	-100.0	NC	.4	NE	.00	.0	05-24-88	154.0	.6	2.0	4.24	4.58	0490
Armstrong Wrid (N)	ACK	31.50	29.50	30.13	-.88	-2.82	47.25	29.50	10,660	2.86	1,476	1,066	3.44	.52	S	14.9	14	6.6	7.5	1.16	3.9	08-06-90	2512.5	165.9	1.8	4.29	16.72	1289
Black & Decker (N)	BKD	13.00	10.63	12.38	-.50	-3.88	24.88	10.63	25,098	4.08	2,683	2,510	.51	-2.00	S	-100.0	NC	.9	NE	.40	3.2	09-10-90	3190.3	30.0	1.3	44.64	12.23	0989
Boise Cascade (N)	BCC	31.88	25.75	28.38	-3.13	-9.92	46.63	25.75	21,137	5.57	1,329	2,114	6.19	-2.62	S	-39.1	30	6.2	7.0	1.52	5.4	09-10-90	4338.0	267.6	1.4	38.34	32.56	1289
Catalina Lghtg (A)	LTG	5.63	4.25	4.38	-1.00	-18.60	13.88	4.25	2,721	5.38	216	272	.63	.07	N	12.5	NC	4.8	6.9	.00	.0	00-00-00	54.6	2.6	1.8	.24	4.58	0989
Champ Intl (N)	CHA	28.00	26.13	26.75	.50	1.90	36.25	26.00	42,632	4.59	3,010	4,263	4.56	-1.48	S	-30.0	NC	8.4	7.7	1.10	4.1	09-11-90	5163.2	432.4	1.3	21.78	38.60	1289
Cooper Indus (N)	CBE	41.75	36.50	37.38	-3.13	-7.72	47.00	32.63	22,991	2.10	2,139	2,299	2.51	.29	S	12.2	17	5.2	14.1	1.08	2.9	09-11-90	5129.4	267.8	1.6	16.82	24.75	1289
DeSoto Inc (N)	DSO	44.38	42.13	43.75	.00	.00	48.38	28.00	2,448	6.02	523	245	-2.53	-1.06	S	NE	NC	-2.5	NE	.40	.9	06-21-90	408.2	-10.2	1.3	12.30	21.21	1289
Georgia Pacific (N)	GP	42.38	38.50	40.13	-1.88	-4.46	62.00	38.50	22,055	2.59	2,552	2,206	7.42	.21	S	3.4	41	6.5	6.4	1.60	4.0	08-13-90	10171.0	661.0	2.0	27.00	31.40	1289
La Pacific (N)	LPX	32.00	29.25	30.50	-1.13	-3.56	45.25	29.25	9,844	2.61	1,021	984	5.04	.57	S	13.9	43	9.6	6.5	1.08	3.5	08-08-90	2009.5	192.6	3.6	13.93	30.95	1289
Macmillan Bloedel (O)	MMBLF	15.50	14.00	14.00	-1.50	-9.68	18.00	13.50	3,098	.30	376	310	1.96	-.95	S	-42.2	NC	7.5	10.8	.80	5.7	08-20-90	2826.8	213.0	11.7	1.45	10.86	1288
Manville Co (N)	MVL	6.50	6.25	6.38	-.13	-1.92	10.50	6.13	1,686	.35	449	169	1.48	2.05	S	NE	NC	9.0	5.1	.00	.0	00-00-00	2191.9	196.8	1.5	16.77	9.87	1289
Masco Corp (N)	MAS	21.00	19.00	19.25	-1.50	-7.23	29.88	19.00	41,884	2.69	3,024	4,188	1.42	-.59	S	-31.4	5	7.0	14.9	.56	2.9	07-16-90	3150.5	220.9	2.6	7.41	11.94	1289
Mor-Flo Inds (O)	MORF	5.00	3.75	3.75	-.75	-16.67	5.75	3.75	56	.22	10	6	-3.56	-2.08	S	NE	NC	-4.2	NE	.01	.3	12-13-89	212.7	-9.0	2.0	16.50	10.05	1289
Newell Co (N)	NWL	26.50	20.50	26.00	1.13	4.52	35.50	18.25	15,424	2.61	1,251	1,542	1.41	.39	S	31.0	28	7.6	15.8	.50	1.9	08-09-90	1122.9	85.4	1.6	1.70	7.61	1289
Noritek Inc (N)	NTK	3.25	2.63	2.88	-.50	-14.81	8.38	2.63	1,025	.74	195	103	-2.08	-1.94	S	NE	NC	-2.6	NE	.10	3.5	06-29-90	1080.2	-28.5	3.0	28.78	15.65	1289
Owens Corning (N)	OCF	19.00	16.75	17.88	-1.00	-5.30	36.75	16.75	10,243	2.43	1,001	1,024	4.08	-.19	S	-24.4	NC	5.7	4.8	.00	.0	00-00-00	3000.0	172.0	1.0	29.76	-10.78	1289
Ply-Gem (A)	PGI	7.00	6.13	6.25	-.63	-9.09	14.00	6.13	1,063	1.02	163	106	.90	-.50	S	-47.2	3	2.0	11.2	.12	1.9	08-13-90	506.8	10.1	3.6	13.74	10.26	1289
Pope & Talbot (N)	POP	19.00	16.38	16.63	-2.38	-12.50	27.75	16.38	1,493	1.27	243	149	3.70	.43	S	13.5	NC	7.0	4.6	.72	4.3	07-24-90	618.8	43.6	1.9	5.73	16.91	1289
Pottlatch Co (N)	PCH	36.25	31.38	34.13	-2.25	-6.19	44.50	31.38	3,423	1.19	415	342	4.79	.60	S	13.6	32	11.1	6.8	1.20	3.5	08-13-90	1227.6	136.7	2.7	15.89	28.74	1289
PPG Inds (N)	PPG	47.50	43.88	45.88	-.25	-.54	55.25	37.00	13,696	1.26	1,681	1,370	4.18	.12	S	2.8	16	8.1	10.5	1.68	3.7	08-06-90	5734.1	465.2	1.5	10.82	20.98	1289
Rep Gypsum (N)	RGC	3.75	3.38	3.50	-.25	-6.67	5.00	3.38	464	.44	51	46	.04	-.19	F	-82.6	-44	.8	87.5	.00	.0	02-22-90	47.3	.4	3.6	.86	3.04	0689
Sherwin-Williams (N)	SHW	33.88	30.13	33.00	-1.25	-3.65	42.13	30.13	11,072	2.57	862	1,107	2.52	.29	S	12.1	10	5.1	12.3	.76	2.3	08-20-90	2123.5	108.9	2.0	2.43	15.48	1289
Stanley Works (N)	SWK	32.25	28.13	29.38	-.263	-8.20	40.00	28.13	3,904	.91	575	390	2.71	.08	S	3.1	9	6.0	11.0	1.20	4.1	09-04-90	1971.5	117.7	2.7	9.68	15.67	1289
Thos Inds (N)	TII	13.75	12.13	12.13	-1.38	-10.19	20.88	12.13	1,018	.99	70	102	2.02	.02	S	1.2	6	4.7	7.1	.76	6.3	08-31-90	436.6	20.6	2.4	11.47	13.59	1289
Union Camp (N)	UCC	34.13	31.00	32.13	-1.63	-4.81	41.38	31.00	18,777	2.72	1,624	1,878	4.35	-.73	S	-16.0	23	10.8	8.4	1.56	4.9	08-28-90	2781.3	299.4	2.0	10.06	25.49	1289
USG (N)	USG	2.88	2.50	2.50	-.38	-13.04	5.63	2.50	7,966	1.44	938	796	.51	-.60	S	-57.1	NC	1.3	5.6	.00	.0	00-00-00	2191.0	28.0	.9	41.75	-26.55	1289
Waxman Inds (N)	WAX	5.00	3.88	4.50	-.50	-10.00	11.00	3.88	2,026	2.04	113	203	.70	-1.0	F	-12.5	25	1.5	6.4	.12	2.7	08-31-90	448.7	6.8	2.5	21.17	2.94	0689
Weyerhaeuser (N)	WY	21.63	20.13	20.50	-.25	-1.20	31.88	20.13	48,430	2.37	3,541	4,843	1.56	-1.58	S	-55.2	13	3.4	16.0	1.20	5.9	07-30-90	10105.6	341.1	1.4	18.21	20.26	1289

Weyerhaeuser pension fund suffers \$30M loss

By an NHCN staff editor

TACOMA, Wash. — A combination of poor judgment and bad luck has dealt Weyerhaeuser Company's pension fund a \$30 million loss.

A financial adviser working on behalf of the forest products company and more than 1,000 other clients has admitted making risky trades in stock options that cost the clients some \$100 million.

The adviser, Jim Donahue of the Englewood, Colo.-based Hedged Securities Association, owned up to his guilt in a videotaped message played before a meeting of the investors outside Denver. He reportedly did not appear because he feared for his safety.

Hedged filed for protection from its creditors under Chapter 11 of the U.S. Bankruptcy Code on Sept. 5.

Among Donahue's costliest mistakes was investing in United Airlines parent UAL Corporation on the expectation that its stock would improve once an employee group bought the company. However, the stock turned down when the group couldn't get financing, and again when Iraq invaded Kuwait.

Weyerhaeuser, the single biggest loser in Donahue's gamble, last month filed suit seeking damages, including anticipated interest, of \$35 million. The company's original investment with Hedged

Securities was \$22 million several years ago.

"When you have a contractual obligation, you stick to it," said Weyerhaeuser spokesman Tom Ambrose, explaining that Donahue was supposed to invest only in low-risk hedged options, which are protected from down slides.

Ambrose said his company was surprised at the events because it had always had a good record with the financial adviser.

As of June 30, Weyerhaeuser's pension fund had \$860 million in assets, and Ambrose said most of it is invested in stable, low-risk areas such as money market funds.

Over the last five years, the

fund has paid \$280 million in benefits to company retirees, yet still more than doubled in size from earnings and contributions.

"Even if this potential loss is not recovered," said Weyerhaeuser cfo Robert Schuyler in a prepared statement, "we believe it ranks in the top five percent of all pension funds in terms of earnings performance." ♦

Human resources the topic of retailing symposium

By an NHCN staff editor

SAN ANTONIO, Texas — Managing one of the most important aspects of any business—human resources—will be the focus of a symposium by the Center for Retailing Studies.

To be held here Nov. 1 and 2, the eighth annual conference will be kicked off by keynote speaker Marvin Girouard, president and ceo of Pier 1 Imports, and include speakers from, among others, Home Depot, Wal-Mart and Toys 'R' Us, generally considered to be the three most suc-

cessful retailers in the United States right now.

From competing for talent to improving selling and service, a variety of topics will be addressed during the two-day program.

The symposium is geared toward senior retailing and human resources executives, operators of small companies, and academics.

For further information, contact the Center for Retailing Studies, Marketing Department, Texas A&M University, College Station, Texas 77843-4112 or call (409) 845-0325. ♦

Dealers cut back credit to builders

(Continued from page 1)

ern Lumber is having "maybe our best year in the last four." That is not leading Matrumalo to loosen the reins on credit.

"In the past, builders were able to take their business someplace else that offered better terms, but now everyone has become conservative and are more in line with what we've always done.

"I'm willing to take risks on a lot of things; credit isn't one of them," he stated.

Last month, suburban Joliet, Ill., was hit by a killer tornado. And Louis Collins expects out-of-state contractors to come rushing into the market and cash in.

But if those out-of-towners want to purchase anything from Collins' store, the single-unit, \$4 million Lyons Lumber & Building Center, they, like its regular customers, will have to go through a regular credit check or bring a two-party check from an insurance company before he extends a penny of credit.

The Midwest in general has escaped most of the housing downturn, and the 51-store Wolohan Lumber will occasionally lengthen its standard 30-day credit term policy for longtime customers. However, the chain will not "carry" any builders.

"We aren't the banker, and we never supply an entire job," said Robert Roe, credit manager for the Saginaw, Mich.-based chain.

Building slows to a crawl

Retailers are being more careful about their credit because the likelihood of being paid back has been put in jeopardy by the downward plunge in the home building industry.

In July, single family home permits were at an annualized rate of 1,148,000 units, down from the revised June annualized figures of 1,179,000 for

1990 and 19 percent below July 1989 permits, according to the U.S. Commerce Department's Bureau of the Census. Building permits for all housing units in July were down 16 percent compared to a year ago.

These downturns are understandably making some dealers nervous about the credit worthiness of their builder clients.

In southern California, companies such as the five-unit Barr Lumber in Los Alamos have protected themselves somewhat by catering to builders in the still-strong custom home building sector.

That doesn't make many of Barr's builder customers a safer risk, though. "Many guys are struggling and the amount of credit they are carrying is up," said Dan Sample, the company's treasurer. "Even with long-term customers, we're much less willing to carry someone than we were in the past. Saying that you're going to pay us out of future jobs doesn't cut it anymore."

S&L malaise a factor

Sample has to worry about lenders, too. Counting itself as relatively lucky, Barr still ran into an instance where the builder failed and then the savings and loan behind the deal was seized by the government.

The same caution about insolvent banks comes from Marta Harris, credit manager of Causeway Lumber in Fort Lauderdale, Fla. The high number of S&L failures in Florida has meant less money is available from lending institutions. Causeway has become more cautious by cutting the terms it offers builders by some 15 days and drawing the line at 45 days.

In most states, dealers' lending is protected by lien laws which back that credit

with the home's property as collateral.

But in Tennessee, a change in the lien laws on July 1 meant retailers can no longer recover from the homeowner when a contractor, who is billed, fails to pay. At the eight-store Paty Company, based in Piney Flats, Tenn., credit has been tightened and billed directly to homeowners instead of contractors.

The new reality

With all these external factors, retailers say they still have to keep their guard up to keep from being stiffed by builders who either slow down their repayment or do not pay at all.

"The Southeast is notorious for credit fraud, and it's moving westward," observed Frank Martinez, director of credit services Builders Square, the nationwide warehouse chain based in San Antonio, Texas. "But if you've got a good policy and your background investigation is good, your losses will be minimal."

(Most dealers said they write off as bad debt less than 1 percent of total credit.)

Adds Harris of Causeway Lumber: "It's been a real education for us this year. People [who] for the last 10 to 15 years who've been as good as gold find problems. Now we have to watch everyone."

The recent credit picture appears to have a positive side, as it has put everyone in a more realistic frame of mind.

"I think contractors... are a lot smarter now," noted Jack Fagen, ceo for the 14-unit Fagen's in Verona, Pa. "They aren't speculating wildly, and the banks aren't allowing them to [build on] spec."

"There's a much more conservative attitude, which is very healthy," Fagen observed. ♦

Consumers holding back

(Continued from page 1)

Those surveyed also expect to be cutting back on spending for consumables and delay major purchases like a home or car until the crisis subsides.

The poll suggests that dealers who are cautious about inventory might get caught when the Gulf situation calms and pent-up consumer demand takes hold.

It doesn't appear home center dealers who were contacted on Aug. 30 are about to cut back on inventory because of any slowdown in consumer spending as a result of the impending Middle East confrontation.

"I can't see middle America hesitating to use plastic [credit cards] because of the Middle East crisis," opined Bill Cowling, president of San Diego's Dixieline Lumber, which he said is enjoying a record-breaking sales year.

San Diego, whose economy relies on the naval base there, doesn't appear to be feeling the consumer squeeze as a result of the crisis quite like another naval port, Norfolk, Va.

"Thirty thousand of our residents are now deployed and wives don't tackle DIY projects with their husbands overseas," explained Dawson Taylor, chairman of the 10-unit True Value of Virginia in Tidewater, 10 miles from Norfolk.

The reticence to purchase, said Taylor, was present even prior to the invasion. Many military families were won-

dering whether jobs would be cut with the so-called peace dividend slowdown in military spending.

Taylor is waiting to see what happens with fall lawn and garden sales as the breadwinners are absent.

"I sense a change," said Steve Kadish, president of the

SADDAM
Defy Hussein!

Re-Insulate to Save Oil NOW!
6 3/4"x15" Unfaced
R19 Fiberglass
Insulation
This is the size most often
chosen to upgrade attic
insulation to achieve
greater comfort and
energy savings. The
higher the "R" the greater
the insulating power.
REG. 13.95 ROLL
1157

**OIL PRICES ARE
SKYROCKETING!**
...as this is written with no end in sight. The
Middle East is in turmoil. The trading pits are close
as industrial nations, brokers and speculators
struggle to find new sources.
Summer/Fall 1990 could prove to be the most
important time in history to upgrade your
insulation.
Dill's Best has what you need.

LOOK TO THE LEADER
Manville
Gold Insulation

All Other Sizes at Dill's Best Prices.
PRICES IN EFFECT AUGUST 7 THRU SEPTEMBER 10, 1990
Dill's Best
BUILDING CENTERS
AMENIA • BREWSTER • FISHKILL • LOGANVILLE • PAWLING

BEACH SHOPPING CENTER
RTS. 6 & 202, PEEBLES
739-2016

Dill's Best, a New York-based chain, suggested in a Penny Saver ad that consumers take more direct action against Iraq by buying more insulation to reduce oil consumption.

Midwest's Handy Andy Home Improvement chain, "but I don't see a change.

"Everyone at the Hardware Show was surprised by the positive atmosphere when there was all this talk about a recession, the S&L crisis and Iraq," Kadish said. "The show was still upbeat."

The monthly National Consumer Poll which Shapiro conducts uses responses from 450 people across the U.S. The Middle East poll was conducted just after the invasion. ♦

NeRLA returns to low-key format for 97th convention

By an NHCN staff editor
ROCHESTER, N.Y. — The Northeastern Retail Lumber Association, in response to dire economic conditions in its area, is taking a "back to basics" approach to planning its 97th annual convention, to be held Jan. 10 to 12, 1991 at the John Hynes Convention Center in Boston. Executive vp John Brill explained that the NeRLA will return to a format it has not used since before he joined the group: a series of candid panel discussions that will involve a great deal more of the industry's rank and file, and that will be designed to promote a

bit of controversy. This marks a departure from the practice of the past several years, in which high-profile celebrities and industry figures gave speeches at breakfasts and luncheons. "We're going to start off on Thursday at noon with a debate on the timber crisis," Brill said. "We hope to have the president of the Wilderness Society arguing with one of our members. Friday morning, we hope to have leading members of the Federal Reserve discussing northeastern credit problems with local bank executives and lumbermen. "That's the sort of program

I'm planning," said Brill. As well, the timing of the show will change. It will run from a Thursday to a Saturday to allow for less expensive and more convenient travel time, according to NeRLA spokesperson Gabriele Lodder. Tied in with making the whole experience more affordable for retailers, the association will offer a simplified attendance fee schedule. One "low" price will be made available to all attendees this year, and such badge packages as "one day only" will be eliminated. At presstime, Brill had secured just one motivational speaker. Former Wisconsin Governor Lee Sherman Dreyfuss will address all members at their Friday business session and luncheon. ♦

Schaffer returns to industry as coo of Builders Square

(Continued from page 5)
 "He's been in the industry a long time and he's qualified," said Mielke of Schaffer. The appointee will be one of the few high-level executives at Builders Square that has not come from the ranks of K mart. However, Schaffer, reached at his home in Troy, Mich., said the majority of administrators at Builders Square, including buyers and others, come from within the home center industry. His arrival at the company, he explained, will not substantially change the executive structure in place there, and he said his main role will be to serve as Mielke's "alter ego." "Glen has a multiplicity of things to think about, from real estate to merchandising, and I'll be there to help with some of that," he said. Schaffer's career began at

Sears, and he has held several top positions with leading retailers, including Grossman's, Sav-A-Stop and Diamond Lumber. His most recent job, as president of the Birmingham, Mich.-based Erb Lumber, lasted only five months before he was terminated in December in what chairman Fred Erb originally described as a "mutual agreement." But last February, Schaffer filed a wrongful termination suit against Erb, seeking damages of more than \$10,000 for loss of income, among other things. An out-of-court settlement was reached with Erb in April. A graduate of Lehigh University, Schaffer is married and has four children. He was scheduled to start his new position Sept. 10, and said that while he plans to eventually move his family here, the time frame is uncertain. ♦

Index of Companies in this Issue

Ace Hardware	2,11,58	Fagen's	68	Olympic Stain	51
Aki	2	F.D.C. Industries	3	Owens-Corning Fiberglas	52
Alexander Lumber	2	Federal Industries Ltd.	2	Pacific Lumber	6
All American Home Center	17	First Alert	10	Panasonic	9
Allied International	10	Fish Building Supply	37	Paty Company	68
Amcom Hybrid	11	Foamular	11	Pay 'N Pak	29
American Electric	40	Frohook-Stewart	11	Payless Cashways	17,52,56
American Tool	11	Furman Lumber	40	Peerless	9,17,52
Amerock	41,51,56	GardenAmerica	52,56	P. F. O'Connor	70
Ames	11	General Building Products	52	Philips Lighting	11
Anaheim Manufacturing	10	Genie Co.	10	Pierson Building Center	9
Armstrong	3,40	Geocel	10	Pine Mountain	70
Arrow	42	GIB Group	2	Plaski-Kote	11
Artesian	29	Great American Woodies	46	Plaskolite	29
AT&G	10	Grossman's	3,69,70	Pleasants Hardware	56
Backyard Product	10	Gypsonite	40	Poulan/Weed Eater	10
Barr Lumber	68	Hader Hardware	17	PPG Industries	51
Beaver Lumber	2,58,59	Handy Andy	2,17,68	Price Pfister	17,52
Black & Decker	10,41,51,52,56	Handy Hardware Wholesale	51,56	Priss Prints	10
BossWorks	10	Hardware Wholesalers, Inc.	65	Purulator Products	10
B&Q Retail	2	Hechinger	3,37,66,70	Rain Bird	11
Broadway Lumber	17	Henderson & Baird	17	Rickel	2,70
Buffalo Tool	2	Highland American	40	Ringer Corp.	10
Bulderama	17	Hirsh Co.	11	Rollier Hardware	17,56
Builders Emporium	2,37,56	HoM	2	Sav-A-Stop	69
Builders Express	5	Home Depot	41,52,56,58,70	Scotty's	2
Builders Square	5,52,68,69	HQ Warehouse	2,3,66,70	Sears	69
Buildog	2	HomeClub	5,9,17,29	Sebring Forest Industries	42
Bunzl USA	3	Houston Industries	40	Servistar	5,65
Bush Lake Industries	10	Hoyme Industries	10	Shidler/Holman	70
Canadian Tire	2	Hy-Lite Acrylic Blocks	11	ShopVac	51
Cashway Building Centres	2	IBM	58,59	Skil	10,11
Causeway Lumber	68	Ikea	5	Solar Group	11
Central Hardware	2	Imperial Lumber	2	Somerville Lumber	17,70
C. H. Hanson	11	Innovative Controls	40	Stack-On Products	10
Channel	41	Interbath	42	Stanley Tools	10,40
Chase-Pitkin	52	Jack-Post	10	Stanline	3
Church's Lumber	29	Keller Company	46	Sterling Faucet	9
Clairston International	10	K mart	5,69	Sterling Plumbing	10
Coast to Coast	5,65	Knap & Vogt	10	Teka	2
Compaigne de Saint Gobain	51	Kohler	9	Teknor Apex	11
Cotter & Co.	2,52,56,58	Kwikset	41	Texas Homecare	2
Cragin Industrial Supply	17	Lights of America	10	Top Brands	3,41
Crawford Products	10	Louisiana Pacific	6	Toro	11,52
Curtis Kitchen and Bath	29	Lowe's	2,65,70	Trayco	52
Dap	11	L.R. Nelson	10	True Temper	11,52
Daubert Coated Products	11	Lucite	51	True Value	68
David Allison	51	Lumberjack Stores	3	UC Industries	11
D. B. Smith & Co.	10	Lyons Lumber & Building Center	68	Union Tool	2
Delta International	10,17	Makita	11	Universal Security Instruments	9
Diamond Lumber	69	Marvin Windows	3	Universal-Rundle	56
Dixieline Lumber	17,52,56,68	Masco	52,56	Valli & Colombo	41
DIY Warehouse	9	Master Lock	11	V&B Manufacturing	11
DJ Wholesale	3	MasterBrands	51,56	Vermont American	10
Dow Corning	11	McCulloch	10,51	Vision Hardware	2
Dramm Manufacturing	10	McGill Manufacturing	10	VSI Fasteners	2
Dunlop	2	McGuire Nicholas	2	Warren Tool	11
Duracell	10,11	Merillat	52,56	Wedge Innovation	10
Eastern Lumber	1	Millix	10	West Building Materials	2,52,58
Eden Equipment	52	Moen	17,51,56	Weyerhaeuser	68
E&J Plumbing	59	Molson Cos.	2	Wheel Horse	52
Electricpak	40	National Lumber & Supply	1	Wickes	52
Emery-Waterhouse	51	Nautilus/Broan	56	W. M. Barr	10
Emhart	41,51,52	Newell	2,41,51,52,56	Wolohan Lumber	37,65,68
Erb Lumber	5,69	Nortek	56	W. W. Arcade	2
EZ Painter	2	Norton	51	Zellers	2

Advertisers Index

Boldface denotes reader service number		Hunter	42, 22	R&G Sloane	29, 16
ADM Milling	59, 37	Keystone Franklin	32, 18	Royal Appliances	56, 32
Amerock	50	Knauf Fiber Glass	29, 15	Rubberset	47, 28
Andersen	72, 50	Laminations, Inc.	58, 34	Stanley-Parker	30, 31, 17
Design Technology	57, 33	Lane Publications	69, 40	Stanley Tools	33-36, 19
Custom Building Products	48, 49, 29	Larson Mfg.	59, 35	Telecheck	53, 30
Darworth	4, 3	Macco	60, 38	Visa Business Card	10, 11, 6
Design House	46, 27	Mastercraft	40A, B, 1	W.W. Henry	42, 23
Dutch Boy	12, 7	Moen	40, 41, 21	Warner Mfg.	42, 24
Eagle Electric	43, 25	M.W. Mfg.	67, 39	Waxman	17, 10
Express Design	17, 42	National Mfg.	17, 11	Wellington Leisure Products	18, 19, 12
Fluidmaster	20, 13	National Store Fixtures	17, 9		
General Marble	8, 5	Nibco	13-16, 8		
Georgia-Pacific	44, 45, 26	Olympic Stain	211-28, 14		
Giddens	59, 36	Owens-Corning	38, 39, 20		
Guedorf	54, 55, 31	Peerless Faucet	71, 41		
		Price Pfister	7, 4		

This index has been compiled for the convenience of our advertisers and readers. While every precaution is taken to prevent mistakes, the publishers cannot be held responsible for errors or omissions.

Project Ideas & Know How

The best way to increase your product sales!

When you increase the D-I-Y competence and confidence level of your customers, you increase their capacity and willingness to buy your store's products.

Teaching how-to skills and providing project ideas is our only business and has been for more than 50 years. Expertise you can rely on . . . and profit from.

Sunset is not only the best how-to information source available, it is the most profitable! Sunset inventory turns 5 to 6 times per year, for a GMROI of 3.0 or better.



Bring D-I-Y know-how and projects to your customers and you'll sell more tools and materials . . . guaranteed!

We offer IN-STORE SERVICE, FREE DISPLAYS, and CO-OP ADVERTISING.

Call us today at: (800) 227-7346.

In California: (800) 321-0372.

Sunset

BOOKS & VIDEO

© Lane Publishing Co.

Circle 040 on Reader Service Card

National Home Center News®

SECOND CLASS

Vol. 16, No. 19 S3 a copy The Journal of News & Trends for Home Improvement Retailers, Co-ops & Wholesalers. Published by Lebhar-Friedman Inc. October 8, 1990

Vendors debate more rigid garage door opener safety

State, federal laws could mandate changes

By John Caulfield

NATIONAL REPORT — Leading manufacturers were scheduled to meet with officials from Underwriters Laboratories on Sept. 27 to determine if current standards governing garage door opener safety need to be upgraded.

Concerns about the equipment's safety are being raised by state and federal legislators who have either passed laws or have statutes pending that would impose mandatory

standards on suppliers.

For consumers, the cost of this added safety has yet to be determined. However, industry officials are resigned to the likelihood that voluntary or mandatory standards will cause the current \$150 average price point for an opener to rise.

States take action

Since 1982, when U.L. standard 325 was updated to require auto-reverse and con-

tact-sensitive features on all garage door systems, there have been 45 equipment-related deaths. But only three were caused by equipment made after the guidelines change.

According to data projected nationally from local and regional samples by the National Emergency Information Surveillance System (NEISS), there



Concerns about garage door opener safety have prompted legislation that could impose mandatory standards on suppliers. NHCN photo

were 2,176 persons treated in hospital emergency rooms and released for injuries involving garage doors in 1989.

That compares with 514,738 persons treated for injuries or deaths involving bicycles, (Continued on page 102)

Market slowdown, competition hammer specialty tool dealers



A special-order tub is merchandised alongside ladders at this Totowa, N.J., Toolathon.

Survivors stress contractor sales

By John Sinisi

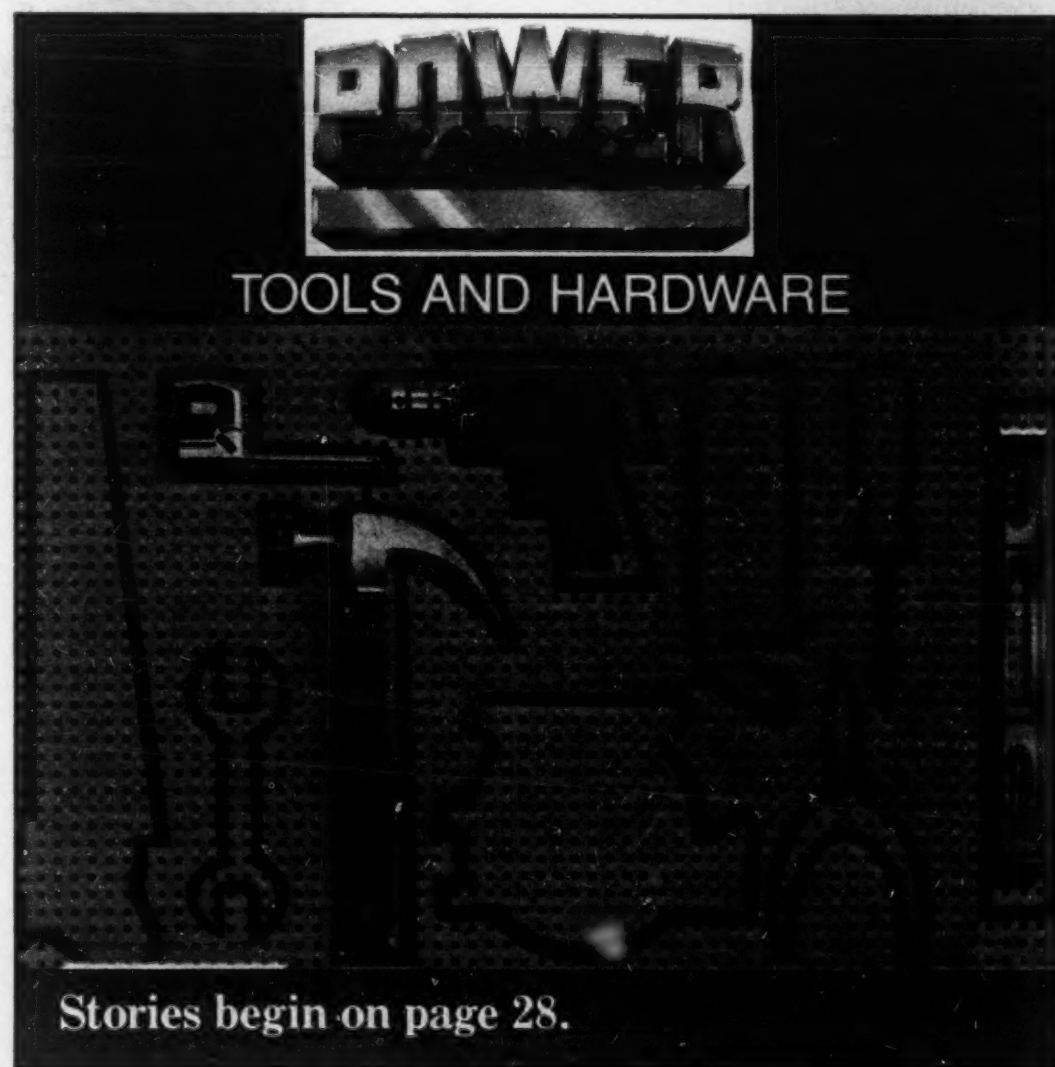
PARAMUS, N.J. — "The Great Tool Way" could, at one time, have been a fitting epithet for this state's Route 17.

Cutting through one of the nation's most densely populated areas, the highway is lined with retailers of every stripe. Among these have been a number of specialty tool stores, including units operated by two of the industry's largest specialty dealers, Toolathon and U.S. General.

But currently, only the smaller tool specialists remain:

- Toolathon, which pulled off of Route 17 in 1988, has scaled down to one 20,000-square-foot store in nearby Totowa and a 4,000-square-foot franchise in Bricktown, N.J.;

(Continued on page 98)



Stories begin on page 28.

84 Lumber reshuffles ranks of key execs

By an NHCN staff editor

EIGHTY-FOUR, Pa. — The winds of seasonal change that come with September blew through 84 Lumber, which made several key management switches in an effort to realign its corporate ranks.

Doug Murdoch, the chain's senior executive vp who many saw as the heir apparent to 84's chairman Joe Hardy, has been reassigned to Florida to serve as the 334-unit chain's southern regional vp in Jacksonville.

John Kayea, a 19-year company veteran, has resigned as 84's vp-purchasing to become partners with the chain's former regional vp in Pittsburgh, Paul West, in the formation of Hometown Lumber, a new lumberyard located in Akron, Ohio.

And George Handyside, the chain's vp-administration and MIS, has relinquished his financial oversight responsibilities to an executive who will hold the title vp-finance for the first time in several years.

The changes became effective Sept. 15.

Neither Murdoch nor Hardy could not be reached for comment, and it could not be ascertained immediately whether Murdoch's move to Florida was at his request, as some who are knowledgeable about the company have suggested, or because Hardy's was displeased with the way he was doing the job, which Murdoch assumed about 18 months ago.

A 15-year company veteran (Continued on page 98)

Grossman's veteran now pres. of Triangle Building Centers

By an NHCN staff editor

QUAKERTOWN, Pa. — William Van Note, a longtime executive with Grossman's, became president of Triangle Building Centers here on Oct. 1.

Van Note, 55, most recently had been senior vp-operations for the 156-unit Grossman's, Inc. in Braintree, Mass. His position has been filled by Allan Zack, formerly the chain's vp-commodities merchandising.

(Continued on page 9)

Builders Express debuts first store 25

Site selection a wrestling match between the Davids and the Goliaths

Two principal real estate site selection strategies dominate home center retailing today: The David and the Goliath. The Davids concentrate on regional dominance, while the Goliaths set their sites farther afield.

For the Goliaths, the national chains, the process has become an enormous chess game. Competition for the remaining viable properties in the population-dense markets they require is escalating rapidly. . . and so are the stakes. Meanwhile, the "Da-

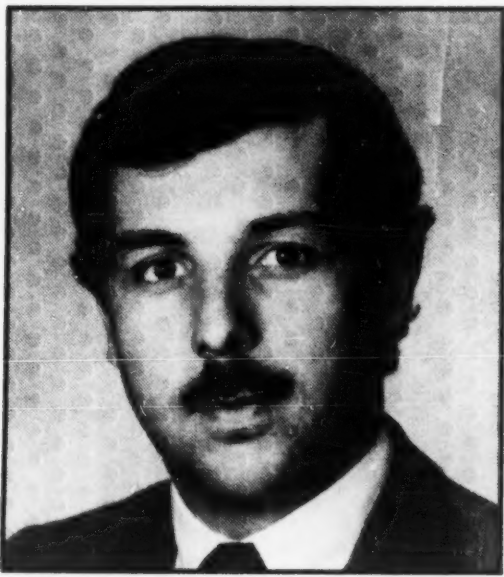
speaks volumes about the Atlanta-based operation's viability—and willingness—to pay the price for prime real estate. With this densely populated, middle-income site wedged between New York City and Long Island, the Depot has positioned itself well for continued expansion in the New York metropolitan market.

Or, observe Hechinger's Home Quarters Warehouse march into Boston this fall. With its discount subsidiary expected to rapidly roll into new markets at a clip of about 10 per year for the next three years, this Rolls Royce chain is well-poised to meet the competition in the most heated arenas—like facing the Home Depot in Boston.

The West Coast also has its Goliaths—for instance, the HomeClub. Now 64 units strong, the Fullerton, Calif.-based chain opened a dozen warehouse stores in 1989, and targets similar growth for 1990, according to Thomas H. Cozzolino, vice president, real estate development.

HomeClub's stores span major trading areas throughout the western one-third of the country, and its new units reflect a variety of strategies—new markets, market fill-ins, as well as multi- and single-unit markets. The selection challenges, however, can be daunting given the 114,000-square-foot prototype's 8½-acre site requirement and the decreasing availability of viable land.

"That is where experience, creativity and flexibility become increasingly important," said Cozzolino, who works ex-



Jay Scansaroli

vids," the premier regional chains, must work in concentrated areas with ever tighter real estate budgets.

\$11M for one site

First, a closer look at the larger players, with their mega-stores and mega-real estate resources to match. These are the companies, many with in-house real estate teams, that can take a giant step away from home, prepare all the necessary market research, demographic ana-

'We have to be very careful that a site is going to work, in terms of size and operations. We don't just use our computer analyses and concentric circles; we spend a lot more time driving the market.'

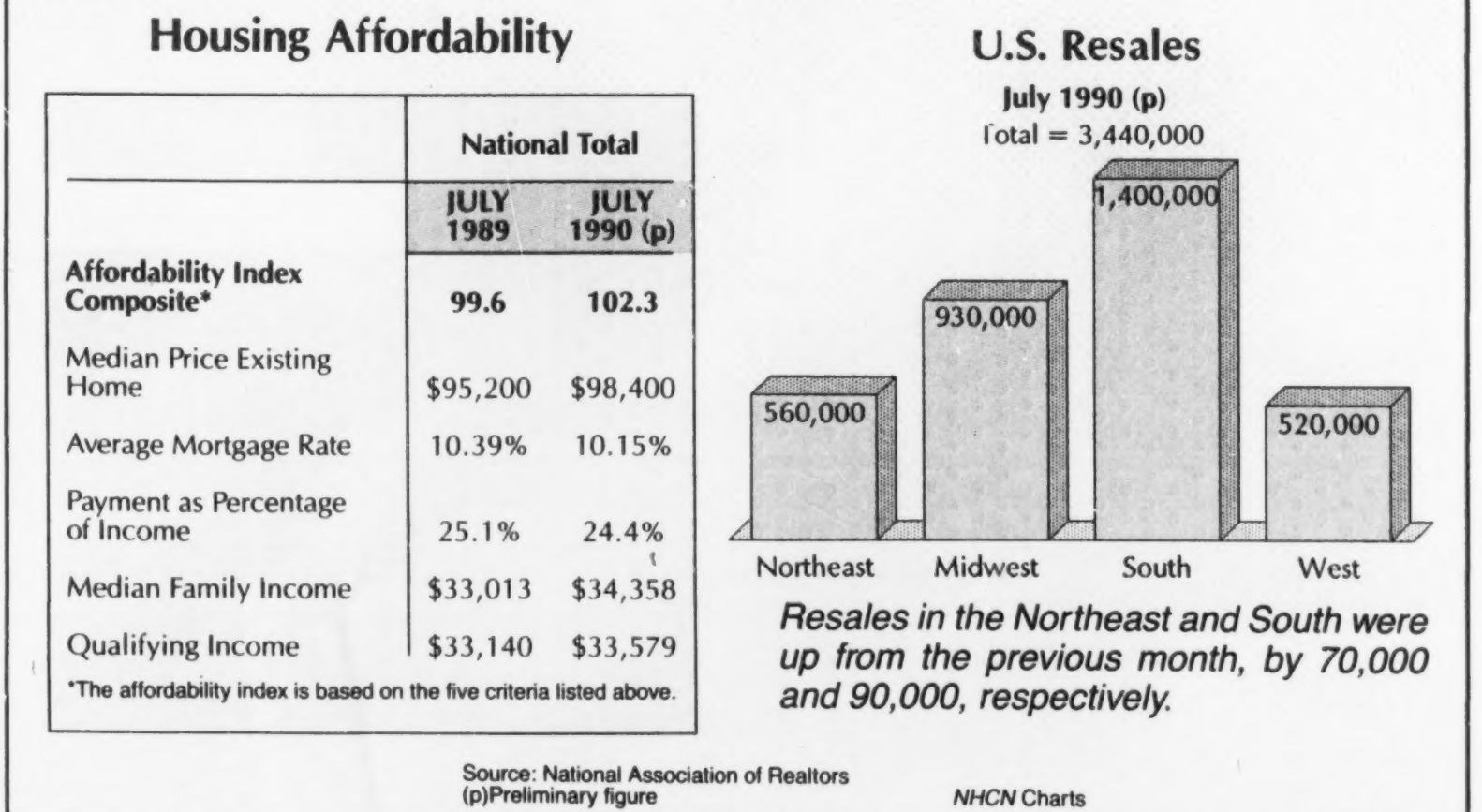
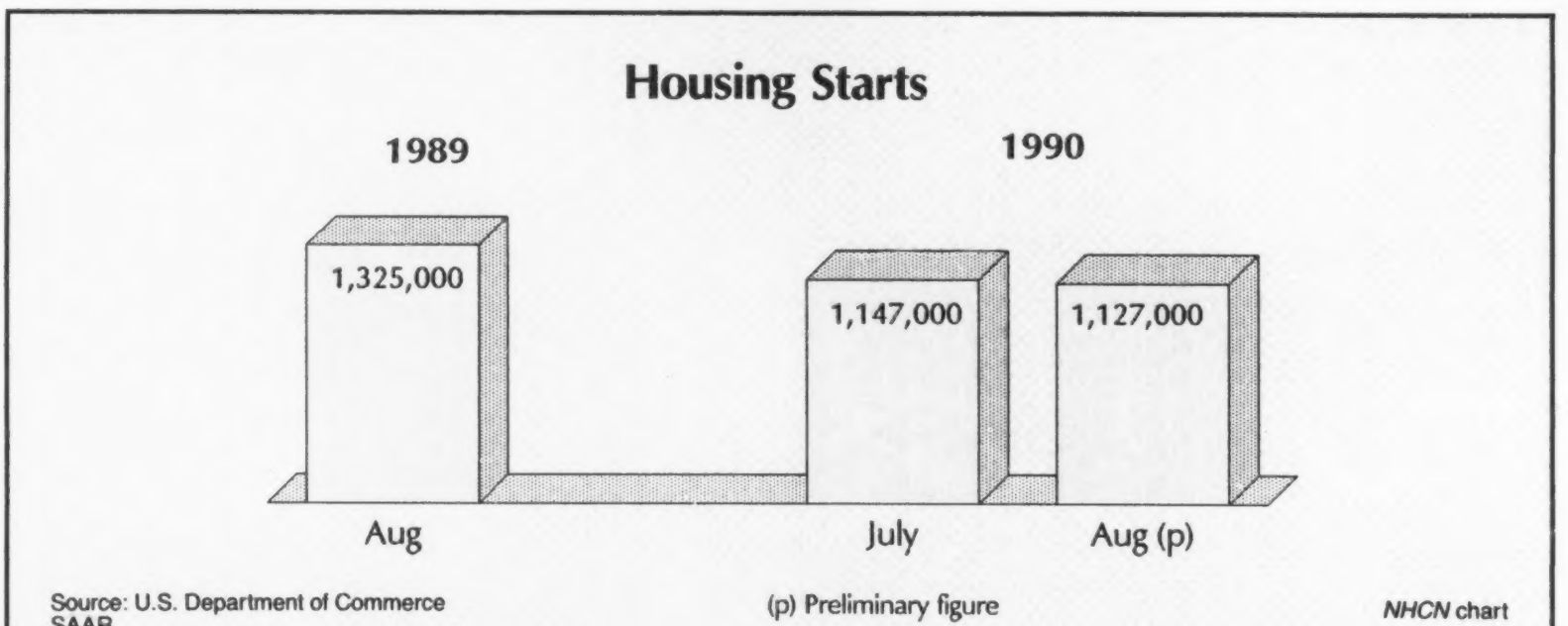
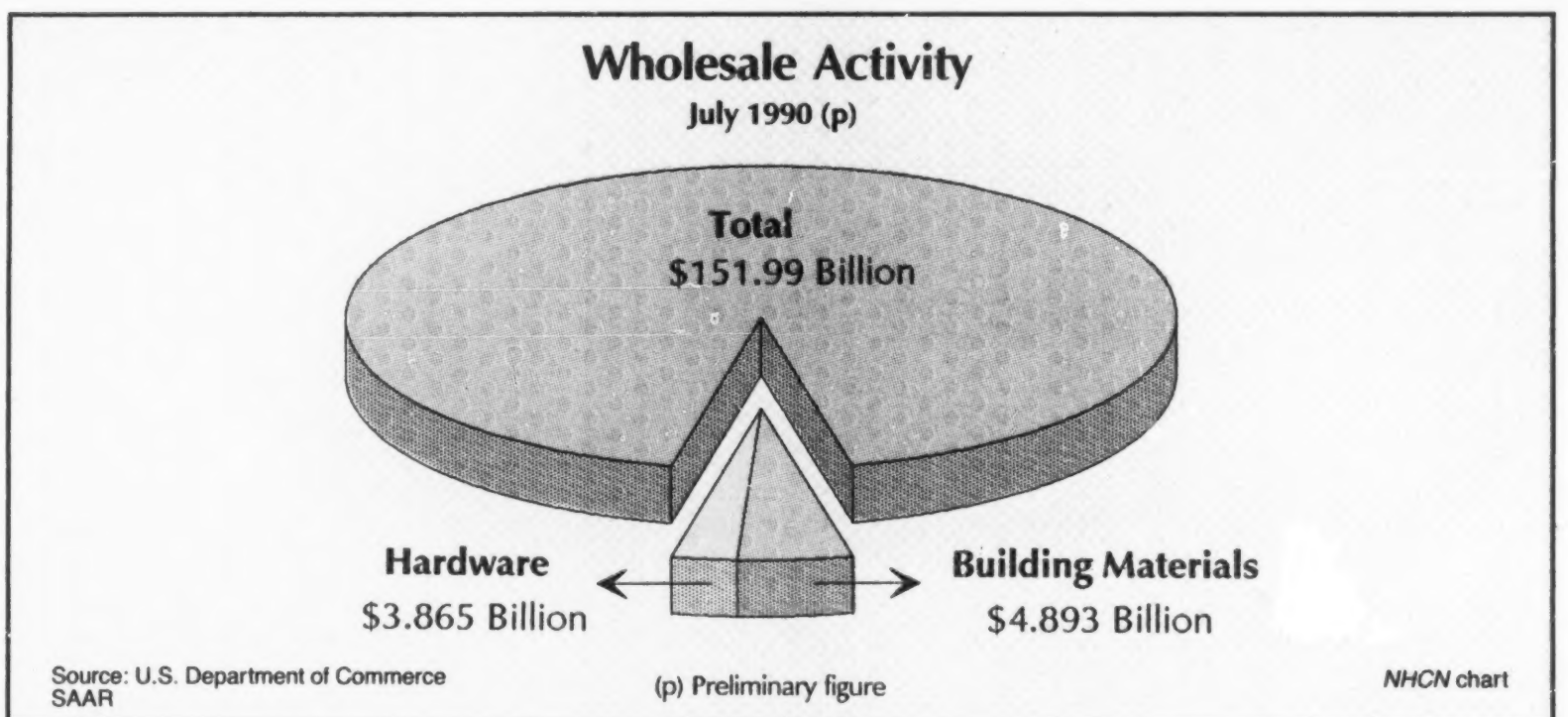
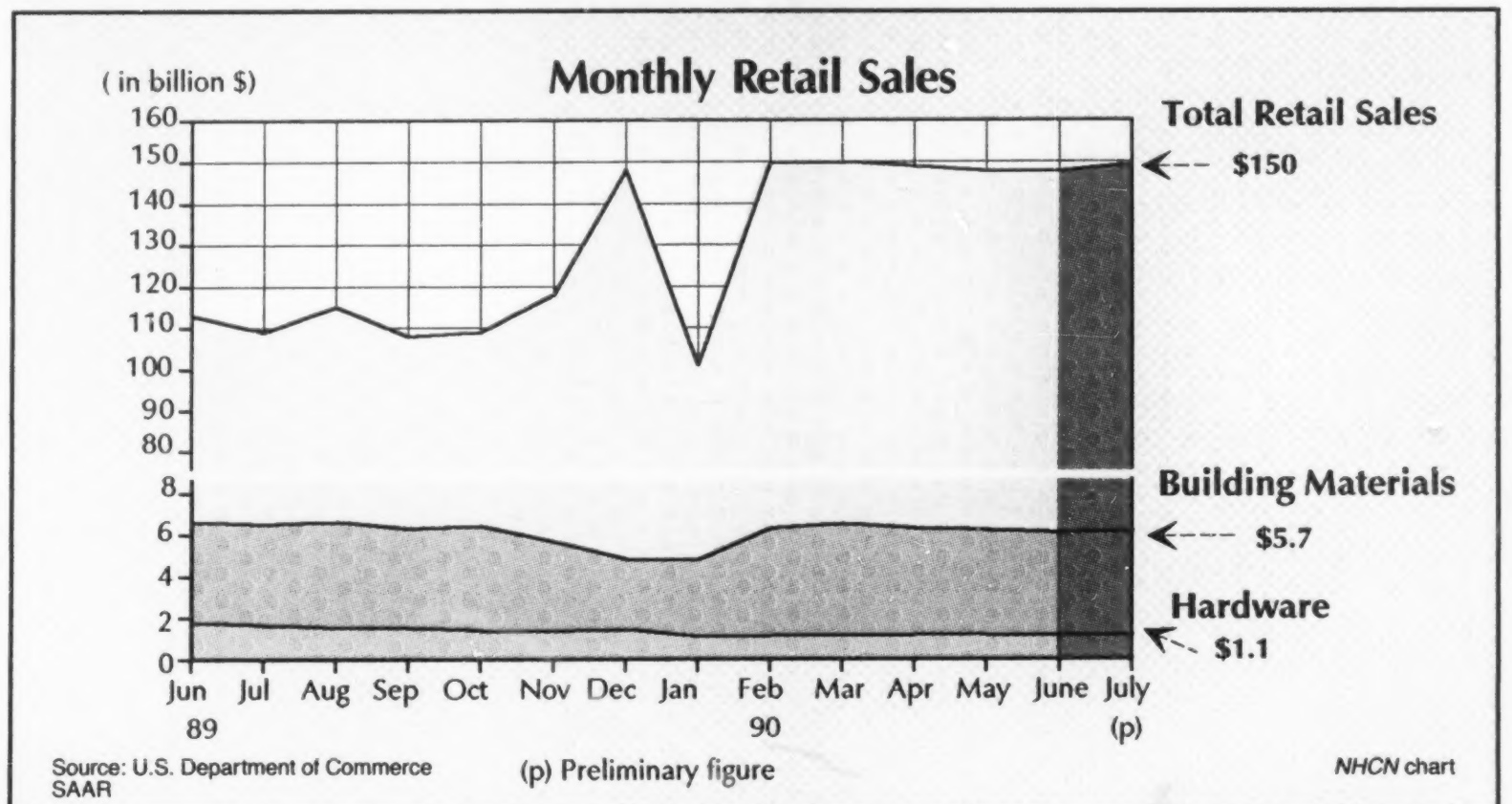
—Thomas H. Cozzolino,
vice president, real estate
HomeClub

lyses, computerized traffic studies and more, to locate the best sites in a given market—and take them over.

Witness Home Depot's reported \$11 million purchase of the TSS Seedman, Elmont, N.Y., lease. Although the lease has very favorable terms, the staggering sum

tensively with developers. "We have to be very careful that a site is going to work, in terms of size and operations. We don't just use our computer analyses and concentric circles; we spend a lot more time driving the market—observing traffic patterns, drive times and physical barriers."

Home improvement sales of commodities and hardware in the month of July remained the same as June, according to Bureau of the Census data. Total retail sales for the month were up only slightly, to \$150 billion from \$149.4 billion.



Canadian Tire's net income flat, sales up 4.6 percent in 2Q

By an NHCN staff editor

TORONTO — Canadian Tire, the 416-dealer chain based here, reported flat net income for the quarter ended June 30.

In that period, sales rose 4.6 percent to \$821.6 million, while earnings were down by \$312,000 to \$38.4 million, or 43 cents per share. (All figures are in Canadian dollars, which on Sept. 21 equaled 87 cents).

For the first half of its fiscal year, Canadian Tire's revenues rose 3.3 percent to \$1.48 billion and net income in-

creased less than 1 percent to \$72.1 million, or 80 cents per share.

These figures include contributions from Canadian Tire's real estate and petroleum divisions. Its merchandise division, which encompasses the performance of its stores, saw its operating sales increase 2.8 percent, though operating earnings were off 11.1 percent.

This division's first half showed sales up 0.6 percent and earnings off 4.8 percent.

During this latest period, the company's long-term debt declined 6 percent to \$5.3 million, and short-term debt was reduced 47 percent to \$4.9 million. Cost of merchandise rose 5.4 percent to \$738.2 million.

Rising crude oil prices melt stocks

The stock market continues its downward trend, plagued by fear of war in the Middle East and attendant skyrocketing of crude oil prices. Home improvement stocks got no relief from this during the two weeks ended Sept. 21.

Except for stocks selling at low prices already, most of the issues tracked for NHCN by Media General lost ground. Notably bucking that decline was American Woodmark, the cabinet maker, whose stock jumped nearly 12 percent, and NHD Stores, the Massachusetts chain, whose stock rose 25 percent to \$5 per share.

Some stocks took major hits during this period. Catalina Lighting, the Miami-based importer, saw its shares lose more than one-third of their worth. Standard Brands, which announced a restructuring of its operation and the closing of most of its Texas stores, declined by 23 percent.

Mor-Flo and Nortek stayed at their 52-week lows. And the announcement that it would buy back \$65 million of its stock had little impact on Lowe's performance.

Gainers
6

Unchanged
2

Losers
35

National
Home Center News

HOME CENTER MARKET SUMMARY

		STOCK PRICE							VOLUME				EARNINGS/SHARE					P/E	DIVIDENDS			FINANCIAL POSITION									
		Covering The Period 09/07/90 - 09/21/90													Latest 12 Months vs Preceding 12 Months Change														Last Fiscal Year (Per Share)		Last Balance Sheet Date
Company (Exchange)	Symbol	High	Low	Close	Change		52-Week		Total Volume This Period	% Shrs. Outstanding	Average Daily Vol. 52 Week	Average Daily Vol. This Period	Last Fiscal Year	Amt.	Pct	5-Year Annual Growth Rate	Profit Margin	Latest P/E Ratio	Indicated Divd. Rate		Last X-Dvd. Date	Last Fiscal Year		Current Ratio	Long Term Debt	Common Stock Equity					
		\$	\$	\$	\$	%	\$	\$	(100)	%	(100)	(100)	\$	\$	%	%	%	-	\$	%	-	\$ Mil	\$ Mil	-	\$	\$	-				
Retailers																															
Gen Bldg Prods (O)	GBLD	1.00	.50	1.00	.19	23.08	3.00	.50	105	.27	16	11	-.84	-.32	S	NE	NC	-4.0	NE	.00	.0	00-00-00	81.8	-3.3	4.0	5.86	3.17	1189			
Grossman's Inc (O)	GROS	3.88	3.00	3.38	.25	8.00	7.13	2.75	16,432	6.29	1,610	1,643	.67	-.01	S	-1.9	NC	1.7	6.6	.00	.0	00-00-00	1052.1	17.6	1.8	3.36	4.48	1289			
Hechinger A (O)	HECHA	9.38	8.25	8.25	-.88	-9.59	16.50	8.00	4,015	1.96	951	402	NA	NA	NA	NA	NA	NA	NA	.16	1.9	07-30-90	NA	NA	NA	NA	NA	NA			
Hechinger B (O)	HECHB	9.50	8.25	8.25	-1.00	-10.81	16.50	8.25	250	.07	48	25	.88	-.21	S	-18.4	5	2.5	8.9	.06	.7	07-30-90	1229.6	31.0	2.6	4.63	11.00	0190			
Home Depot (N)	HD	34.75	31.25	31.63	-2.13	-6.30	43.50	20.19	49,924	6.50	4,499	4,992	.95	.38	S	47.5	55	4.1	26.8	.12	.4	08-23-90	2758.5	112.0	1.9	2.63	4.45	0190			
K mart Co (N)	KM	27.50	24.50	25.25	-2.00	-7.34	40.50	24.50	40,783	2.04	5,080	4,078	1.61	-2.12	S	-56.1	2	1.1	15.2	1.72	6.8	08-10-90	2953.0	323.0	1.8	.01	.02	0190			
Lowe's Cos (N)	LOW	24.63	20.50	20.75	-2.00	-8.79	49.63	20.50	12,156	3.26	1,575	1,216	2.01	.26	S	13.4	6	2.8	9.4	.52	2.5	10-11-90	2650.5	74.9	1.9	4.51	17.33	0190			
NHD Stores (O)	NHDI	5.25	4.00	5.00	1.00	25.00	7.75	3.50	157	1.20	34	16	.13	-.40	S	-69.0	-17	4	27.8	.00	.0	09-16-86	55.3	.2	2.4	4.87	7.39	0190			
Sears, Roebuck (N)	S	29.13	26.25	26.63	-2.13	-7.39	44.50	26.25	52,369	1.53	6,390	5,237	4.30	.56	S	19.1	-1	2.8	7.6	2.00	7.5	08-21-90	53793.9	1508.5	1.8	29.30	39.77	1289			
Std Bld Pnt (N)	SBP	7.88	5.13	5.88	-1.75	-22.95	15.63	5.13	880	1.54	94	88	.36	-1.52	S	-100.0	NC	1.2	NE	.00	.0	08-11-87	314.0	3.7	2.2	26.85	6.59	0190			
Strober Organiz (O)	STRB	1.38	1.00	1.38	.38	37.50	5.50	1.00	122	.20	40	12	-.21	-.89	S	-100.0	NC	-1.0	NE	.00	.0	00-00-00	127.7	-1.3	3.4	2.79	4.75	1289			
Wolohan Lumber (O)	WLHN	14.25	12.75	12.75	-1.88	-12.82	19.53	12.75	407	.63	113	41	1.72	-.04	S	-2.2	32	4.1	7.3	.28	2.2	08-27-90	272.1	11.1	3.3	4.03	9.64	1289			
Wholesalers																															
Hughes Supply (N)	HUG	11.63	11.25	11.63	.25	2.20	19.88	11.13	860	1.98	62	86	1.33	-.67	S	-35.8	1	1.2	9.7	.36	3.1	07-30-90	529.9	6.4	3.0	16.30	18.25	0190			
Manufacturers																															
Am Consumer (O)	ACPI	5.00	5.00	5.00	-.75	-13.04	8.50	5.00	78	.31	32	8	.76	-.03	S	-4.1	35	2.3	7.1	.00	.0	06-08-88	87.8	2.0	5.1	9.62	6.10	1289			
Am Woodmark (O)	AMWD	4.75	4.00	4.75	.50	11.76	8.75	3.88	66	.09	41	7	.09	-1.03	Q	-100.0	NC	4	NE	.00	.0	05-24-88	154.0	.6	2.0	4.24	4.58	0490			
Armstrng Wld (N)	ACK	30.25	25.50	26.50	-3.38	-11.30	46.25	25.50	14,686	3.94	1,404	1,469	3.44	.52	S	14.9	14	6.6	6.6	1.16	4.4	08-06-90	2512.5	165.9	1.8	4.29	16.72	1289			
Black & Decker (N)	BKD	13.13	10.50	10.63	-2.25	-17.48	24.00	10.50	17,391	2.82	2,703	1,739	.51	-2.00	S	-100.0	NC	9	NE	.40	3.8	09-10-90	3190.3	30.0	1.3	44.64	12.23	0989			
Boise Cascade (N)	BCC	30.38	26.38	26.75	-3.63	-11.93	46.25	25.75	10,426	2.75	1,329	1,043	6.19	-2.62	S	-39.1	30	6.2	6.6	1.52	5.7	09-10-90	4338.0	267.6	1.4	38.34	32.56	1289			
Catalina Lghtg (A)	LTG	4.50	2.88	2.88	-1.63	-36.11	13.88	2.88	1,750	3.46	222	175	.63	.07	N	12.5	NC	4.8	4.6	.00	.0	00-00-00	54.6	2.6	1.8	.24	4.58	0989			
Champ Intl (N)	CHA	27.50	25.63	25.88	-1.50	-5.48	34.38	25.63	24,579	2.64	3,028	2,458	4.56	-1.48	S	-30.0	NC	8.4	7.5	1.10	4.3	09-11-90	5163.2	432.4	1.3	21.78	38.60	1289			
Cooper Indus (N)	CBE	37.75	35.38	35.63	-1.25	-3.39	47.00	32.63	17,158	1.57	2,162	1,716	2.51	.29	S	12.2	17	5.2	13.4	1.08	3.0	09-11-90	5129.4	267.8	1.6	16.82	24.75	1289			
DeSoto Inc (N)	DSO	44.00	42.38	42.38	-1.25	-2.87	48.38	28.00	1,915	4.71	508	192	-2.53	-1.06	S	NE	NC	-2.5	NE	.40	.9	10-03-90	408.2	-10.2	1.3	12.30	21.21	1289			
Georgia Pacific (N)	GP	38.75	36.13	36.25	-2.00	-5.23	62.00	36.13	27,982	3.28	2,535	2,798	7.42	.21	S	3.4	41	6.5	5.8	1.60	4.4	08-13-90	10171.0	661.0	2.0	27.00	31.40	1289			
La Pacific (N)	LPX	30.75	27.00	27.38	-3.25	-10.61	45.25	27.00	10,489	2.78	989	1,049	5.04	.57	S	13.9	43	9.6	5.8	1.08	3.9	08-08-90	2009.5	192.6	3.6	13.93	30.95	1289			
Macmillan Bloedel (O)	MMBLF	14.13	13.75	14.13	.00	.00	17.25	13.50	2,291	.22	356	229	1.96	-.95	S	-42.2	NC	7.5	10.9	.80	5.7	11-16-90	2826.8	213.0	11.7	1.45	10.86	1288			
Marville Co (N)	MVL	6.88	6.38	6.38	-.38	-5.56	10.50	6.00	4,812	1.01	442	481	1.48	2.05	S	NE	NC	9.0	5.1	.00	.0	00-00-00	2191.9	196.8	1.5	16.77	9.87	1289			
Masco Corp (N)	MAS	19.25	18.00	18.13	-1.00	-5.23	27.63	18.00	33,301	2.14	2,865	3,330	1.42	-.59	S	-31.4	5	7.0	14.1	.56	3.1	10-15-90	3150.5	220.9	2.6	7.41	11.94	1289			
Mor-Flo Inds (O)	MORF	4.25	3.75	3.75	.00	.00	5.75	3.75	63	.25	10	6	-3.56	-2.08	S	NE	NC	-4.2	NE	.01	.3	12-13-89	212.7	-9.0	2.0	16.50	10.05	1289			
Newell Co (N)	NWL	25.88	23.25	23.38	-1.88	-7.43	35.50	18.25	6,791	1.15	1,238	679	1.41	.39	S	31.0	28	7.6	14.2	.50	2.1	08-09-90	1122.9	85.4	1.6	1.70	7.61	1289			
Nortek Inc (N)	NTK	2.88	2.50	2.50	-.38	-13.04	8.38	2.50	731	.52	188	73	-2.08	-1.94	S	NE	NC	-2.6	NE	.10	4.0	10-01-90	1080.2	-28.5	3.0	28.78	15.65	1289			
Owens Corn (N)	OCF	19.00	17.38	17.38	-1.13	-6.08	34.88	16.75	13,281	3.16	1,003	1,328	4.08	-1.19	S	-24.4	NC	5.7	4.7	.00	.0	00-00-00	3000.0	172.0	1.0	29.76	-10.78	1289			
Ply-Gem (A)	PGI	6.13	5.75	5.88	-.13	-2.08	13.25	5.75	606	.58	162	61	.90	-.50	S	-47.2	3	2.0	10.5	.12	2.0	08-13-90	506.8	10.1	3.6	13.74	10.26	1289			
Pope & Talbot (N)	POP	17.25	15.13	15.25	-1.63	-9.63	27.75	15.13	881	.75	236	88	3.70	.43	S	13.5	NC	7.0	4.2	.72	4.7	07-24-90	618.8	43.6	1.9	5.73	16.91	1289			
Pottlatch Co (N)	PCH	32.00	30.13	31.25	-.50	-1.57	44.50	30.13	3,301	1.14	421	330	4.79	.60	S	13.6	32	11.1	6.3	1.20	3.8	08-13-90	1227.6	136.7	2.7	15.89	28.74	1289			
PPG Inds (N)	PPG	46.00	41.63	42.25	-3.13	-6.89	55.25	37.00	14,205	1.31	1,651	1,421	4.18	.12	S	2.8	16	8.1	9.7	1.68	4.0	08-06-90	5734.1	465.2	1.5	10.82	20.98	1289			
Rep Gypsum (N)	RGC	3.63	3.38	3.50	-.13	-3.45	5.00	3.38	431	.41	50	43	.04	-.19	F	-82.6	-44	.8	87.5	.00	.0	02-22-90	47.3	.4	3.6	.86	3.04	0689			
Shenwin-Wins (N)	SHW	34.25	32.50	33.50	-.13	-.37	42.13	30.13	6,336	1.47	868	634	2.52	.29	S	12.1	10	5.1	12.5	.76	2.3	08-20-90	2123.5	108.9	2.0	2.43	15.48	1289			
Stanley Works (N)	SWK	31.00	29.50	30.00	-.38	-1.23	40.00	28.13	3,511	.82	550	351	2.71	.08	S	3.1	9	6.0	11.2	1.20	4.0	09-04-90	1971.5	117.7	2.7	9.68	15.67	1289			
Thos Inds (N)	TII	12.75	11.00	11.38	-.38	-3.19	20.88	11.00	1,131	1.10	67	113	2.02	.02	S	1.2	6	4.7	6.7	.76	6.7	08-31-90	436.6	20.6	2.4	11.47	13.59	1289			
Union Camp (N)	UCC	33.63	31.75	31.75	-1.63	-4.87	39.75	31.00	8,193	1.19	1,607	819	4.35	-.73	S	-16.0	23	10.8	8.3	1.56	4.9	08-28-90	2761.3	299.4	2.0	10.06	25.49	1289			
USG (N)	USG	2.38	1.75	2.13	-.13	-5.56	5.63	1.75	14,531	2.63	966	1,453	.51	-.60	S	-57.1	NC	1.3	4.7	.00	.0	00-00-00	2191.0	28.0	.9	41.75	-26.55	1289			
Waxman Inds (N)	WAX	4.75	4.25	4.25	-.50	-10.53	11.00	3.88	2,646	2.67	120	265	.70	-1.0	F	-12.5	25	1.5	6.1	.12	2.8	08-31-90	448.7	6.8	2.5	21.17	2.94	0689			
Weverhaeuser (N)	WY	21.38	20.13	20.25	-.63	-2.99	31.75	20.13	38,451	1.88	3,577	3,845	1.56	-1.58	S	-55.2	13	3.4	15.8	1.20	5.9	07-30-90	10105.6	341.1	1.4	18.21	20.26	1289			

Wholesaler promotes need for central network

(Continued from page 3)
store personnel could draw inventory, item and price specifications for a wide range of products without having to deal with an ominous bank of computer terminals.

At this point, most dealers use computers in their stores for accounting, sales and profit tracking, project estimating and, to a growing extent, electronic data interchange (EDI) with selected vendors.

However, EDI, according to Richard Scherer, Iron City's director of MIS, remains a "passive" system that generally relies on a third party system to translate the data flowing between the dealer's and supplier's computers.

And with myriad systems being employed by companies, a virtual Tower of Babel is being constructed by the home improvement industry that Iron City's officials claim would be better served by one nationwide PSI system that used a common format and language, and was "transac-

tion-driven," i.e., provided information needed by the customer doing a project.

Limited system in place

PSI, then, would marry the benefits of EDI to those now used by many dealers for computer-generated in-store design of kitchens, baths, decks and garages.

A modest version of this is currently offered by Iron City through its "Pro-Cadd" system, which stands for Professional Computer Assisted Design through Delivery.

The system was introduced two years ago and has been installed in more than 230 retail outlets in 11 states, with Iron City assuming all the hardware and software costs and half of the phone line charges.

Pro-Cadd is used primarily by dealers to facilitate special ordering of windows and doors from Iron City's six distribution centers.

It is a PC-operated, interactive software package that gives the employee more help

to make a sale by keeping him abreast of what inventory is available from the distributors' warehouses, and prompting questions that relate to the customer's project in terms of size, price and accessories needs.

Unanswered questions

The dealers in attendance who use Pro-Cadd swore by its efficiency. (Grossman's has 20 of its 156 stores on the system.) And Iron City officials believe its system, which it recently has had patented, could be the starting point for an industrywide PSI network.

But there are many questions that still need answering. By his timetable, Brown foresees an industry council, made

up of "leading suppliers" in core product fields, to be formed by Jan. 1, 1991. (B&D and Armstrong World Industries were getting private presentations of Iron City's plan; Brown added that Weyerhaeuser has also shown interest.)

After deciding on such things as common software language and hardware, test sites of a PSI computer would be installed by next October, and a system integrating retailers would be up and running by January 1992.

Brown was quick to concede that, while Pro-Cadd was one of the first PSI systems on the market, it may not be the one the council ultimately decides to use. He also warned dealers that PSI was not a substitute for personnel training, but simply an instructional tool.

But some things are still up

in the air, like which vendors would be on PSI first and would the system be exclusive to their product lines. "I would suggest that the more people with modules in the system, the better," said Brown.

The cost spectre also hovers over this whole effort, particularly after Brown stated that "something this large is going to require a large computer, and somebody's gotta pay for that."

But the dealers and manufacturers in the audience were generally supportive of at least the formation of a council.

"It's remarkable that a company the size of Iron City is taking such a stance," said Phil Skarada, the president of Your Building Centers in Altoona, Pa., which has two stores on Pro-Cadd and will soon have its other six on the system. ♦

Index of Companies in This Issue

Ace Hardware	51,59,64,65,68
Aco Hardware	4,88
Al Meier's Building Centers	65
All American Home Center	88
Amdura	3
American Wholesale Hardware	70
American Woodmark	92
Amerock	70
Andersen Window	3
Arax Products	65
Armstrong	100
Baldwin Hardware	70
Belwith	46
Bering Home Center	68
Better Living	102
Black & Decker	30,32,46,51,59,71,72,76,78,80,98,100
BMC West	9
Boise Cascade	4
Bosch	30,98
Brakey Hardware	40
Bruno's Hardware	88
Buena Park Lumber	51,68
Builders Emporium	48,51,102
Builders Express	25,98
Builders Square	2,25,32,51,59,76,78,84
Busy Beaver	62
Campbell Hausfeld	60
Canadian Tire	92
Carlson Systems	98
Cassidy Jones	98
Catalina Lighting	92
Causeway Lumber	62
Central Hardware	59,78
Chamberlain	102
Channel	98
Chase-Pittkin	3,4
Checkpoint	59
Closure Systems	98
CoastAmerica	3
Cooper Tools	59,65,71
Cotter & Co.	40,59
Credo	30
Crissey-Fowler Lumber	3,9,28,31
Dasco Pro	64
Decatur-Hopkins	48
Delta	44
Diamond Lumber	4
Dunn Lumber	86
Eagle Lumber	4
84 Lumber	1,98
Elliott's Hardware	4,88
Emerson Electric	30
Empire Level	44,64,70
Empire Staple and Tool	98
Essen Hardware & Lumber	2
Evans Products	9
Exact Level & Tool	64
Fagen's Building Centers	2
Falcon Lumber	4
Farwell, Ozmun, Kirk	3
Fred Meyer	59
General Building Supply	70
Genie	102

Gerrity Building Centers	2
Glidden Paint	25
Gordon Hardware	71
Grandpa Pidgeon's	76
Grossman's	1,3,9,62,84,100
Handy Andy	51,59,102
Harbor Freight	80
Hardware Hank	3
Hardware Wholesalers Inc.	51,76,78
Harry's Hardware	64
Hechinger	2,9,30,31,59,64,84,91
Henderson & Baird Hardware	76
Hitachi	59
Hobart Corp.	48
Home Depot	2,3,32,48,51,59,68,88,91,98,102
Home Quarters Warehouse	2,91,98
HomeClub	3,25,51,52,59,68,91,102
Homestead Lumber	1
Hugh M. Woods	3
Hyde Tool	64
Ico Unican	4,88
Ingersoll Rand	51,60
Innovis	102
Iron City Sash & Door	3,10,98,100
Irwin Company	31
Jaeger Lumber & Supply	65
Jamesway Corp.	98
Johnson Level & Tool	64
Jordan's Building Center	78
J. S. Purcell Lumber	78
Keystone Steel & Wire Co.	48
K mart	2,51,76
Knogo	59
Knox Lumber	44
Kuester's	78
Lampert Lumber	102
Liberty Distributors	3,31
Lincoln Tool Supply	98
Lindsley Home Care Centers	9
Lowe's	30,32,59,92,98
L. S. Starrett	65
Lumbermen's	52,59,64
Macklanburg-Duncan	64
Makita	30,31,32,46,51,59,71,72,82
Marvin's	64
Masco Corp.	70
McCoy's Building Supply Centers	84
McCulloch	51
Meeks Building Materials	62
Menard	86
Millard Lumber	29
Miller Hardware	32,40
Milwaukee Tool	30,71,72,82
Montague Tool & Supply	98
Moore's	9
Mor-Flo	92
Mr. Goodbuys	52,88
National Lumber	2,4,102
Negwer Materials	76
Newell Cos.	70
NHD Stores	92
Nicholson Building Supply	29
Nortek	92

North America	59
O'Malley Lumber	98
Orchard Supply Hardware	82
Orlando Ace Hardware	32
Oscro	78
Osmose	102
Our Own Hardware	3
Owens-Corning	3
Pay 'N Pak	3
Payless Cashways	3,28,31,36,44,98,102
Pergament	29,46,48,52,59
P. F. O'Connor	4,98
Pittsburgh Forge	80
Price Club	78
Pro Hardware	3
Ridge Tool	30,44
Roselle Lumber	4
Ryobi	46
Sarnom Manufacturing	60
Scotty's	32,86
Sears	2,51,76
Seigle's Home & Building Centers	51
Se-kure Controls	52
Sensomatic	59
Servistar	3,64
Shop-Vac	44
Sinclair Lumber	64
Six Points Hardware	62
Skil	30,32,44,51,59,71,72,78,80,82
Somerville Lumber	44,98
South States	4
Standard Brands	92
Stanley Electronics	102
Stanley Hardware	48,64,71,80
Stanley Home Automation	102
Stanley Tools	59,64,65
Stanley Works	102
Sunco	52
TAPJAC	65,70
Texas Homecare	52
The Patsy Co.	59
Thomas Industries	60
Tokyo Hands	10
Tool Depot	98
Tool King	98
Tool Town	98
Toolathon	1,98
Trade Associates	60
Treasure City	25
Triangle Building Centers	1,9
Trustworthy	3
TSC Industries	9
TSS Seedman	91
United Hardware Distributors	3
U.S. General	1,98
Venture	2
Vermont American	30,59
Wal-Mart	76,78
Wedge Innovations	70
West Building Materials	3
Weyerhaeuser	4,100,102
W. R. Grace	82,98
Your Building Centers	100
Zircon	70

National Home Center News (ISSN 0192-6772) is published 23 times a year, twice a month, monthly in December, beginning with the second Monday in January; by Lebhar-Friedman Inc., 425 Park Ave., New York, NY 10022. Subscriptions are available at no charge to qualified retailers and wholesalers of lumber and building supplies and hardware. Paid subscriptions are available to nonqualifying retailers and wholesalers, and to manufacturers and others at \$69 per year in the U.S.; \$79 per year to Canada; \$219 per year to all other countries (air mail only). Group subscriptions available in the U.S. (1-4 copies, \$69; 5-19 copies, \$64; 20 or more copies, \$59). Single rate copy is \$3 except last two May issues (Annual Census Issues) \$30 each, \$50 for both.

Second class postage paid at New York, N.Y., and additional mailing offices. Vol. 16, No. 19, Copyright© 1990 by Lebhar-Friedman Inc. All rights reserved. Postmaster: Please send address changes to Subscription Dept., National Home Center News, Grand Central Station, P.O. Box 3118, New York, N.Y. 10164-0659. For change of address six weeks is requested. Give old and new address and zip code. If possible, enclose address portion from cover on previous issue.

Vol. 16, No. 19

October 8, 1990

Project Ideas & Know How

The best way to increase your product sales!

When you increase the D-I-Y competence and confidence level of your customers, you increase their capacity and willingness to buy your store's products.

Teaching how-to skills and providing project ideas is our only business and has been for more than 50 years. Expertise you can rely on... and profit from.

Sunset is not only the best how-to information source available, it is the most profitable! Sunset inventory turns 5 to 6 times per year, for a GMROI of 3.0 or better.

Bring D-I-Y know-how and projects to your customers and you'll sell more tools and materials... guaranteed!

We offer IN-STORE SERVICE, FREE DISPLAYS, and CO-OP ADVERTISING.

Call us today at:
(800) 227-7346.

In California:
(800) 321-0372.

Sunset
BOOKS & VIDEO

© Lane Publishing Co.

Circle 060 on Reader Service Card

Advertisers Index

Boldface denotes reader service number	
American Tool	26, 011
Amerock	45
Andersen	70, 71, 050
Argee	9, 007
Arka Products	72, 040
Babcock	80, 047
Babcock	81, 048
Babcock	82, 049
Black & Decker	41, 018
Buffalo Tools	60, 032
Central Builders Supply	76, 043
Chevron Chemical	48, 022
Colorite Plastics	53, 026
Crawford Products	68, 038
Custom Leathercraft	52, 027
Darworth	79, 046
Design House	78, 045
Dutch Boy	89, 056
Eveready	63, 035
Express Design	52, 025
EZ Paints	77, 044
Fluidmaster	103, 061

Genova	104, 062
Georgia-Pacific	42, 019
Glidden	6, 7, 002
GSW Thermoplastics	83, 051
Gusdorf	94, 059
Hunter Company	93, 058
Keystone Franklin	49, 023
Knap & Vogt	34, 014
Knauf	59, 031
Köln Messe	82, 034
Kwikset	30, 31, 012
Lane Publications	100, 060
Larson Manufacturing	85, 052
Lee Rowan	44, 020
Lyons Industries	87, 054
Macco Adhesives	54, 029
Makiki Electronics	9, 006
Makita	33, 013
Manville	8, 003
Merillat	99, 055
Moore	64, 053
National Manufacturing	38, 016
National Store Fixtures	9, 004

Olympic Stain	17-24, 009
Owen Corning	66, 037
Pacific Fabrication	52, 026
Pak-Mix	73, 041
Panasonic	25, 010
Peerless Faucet	50, 024
Plumb Qwik	61, 033
Price Pfister	69, 039
R.D. Werner	40, 017
Rubberset	46, 021
Schlage	11-16, 008
Stanley Tool	37, 015
Stanley Hardware	55-58, 030
Telechek	90, 057
W.W. Henry	9, 005
Waban	86, 053
Waxman	5, 001

This index has been compiled for the convenience of our advertisers and readers. While every precaution is taken to prevent mistakes, the publishers cannot be held responsible for errors or omissions.